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The New York Times

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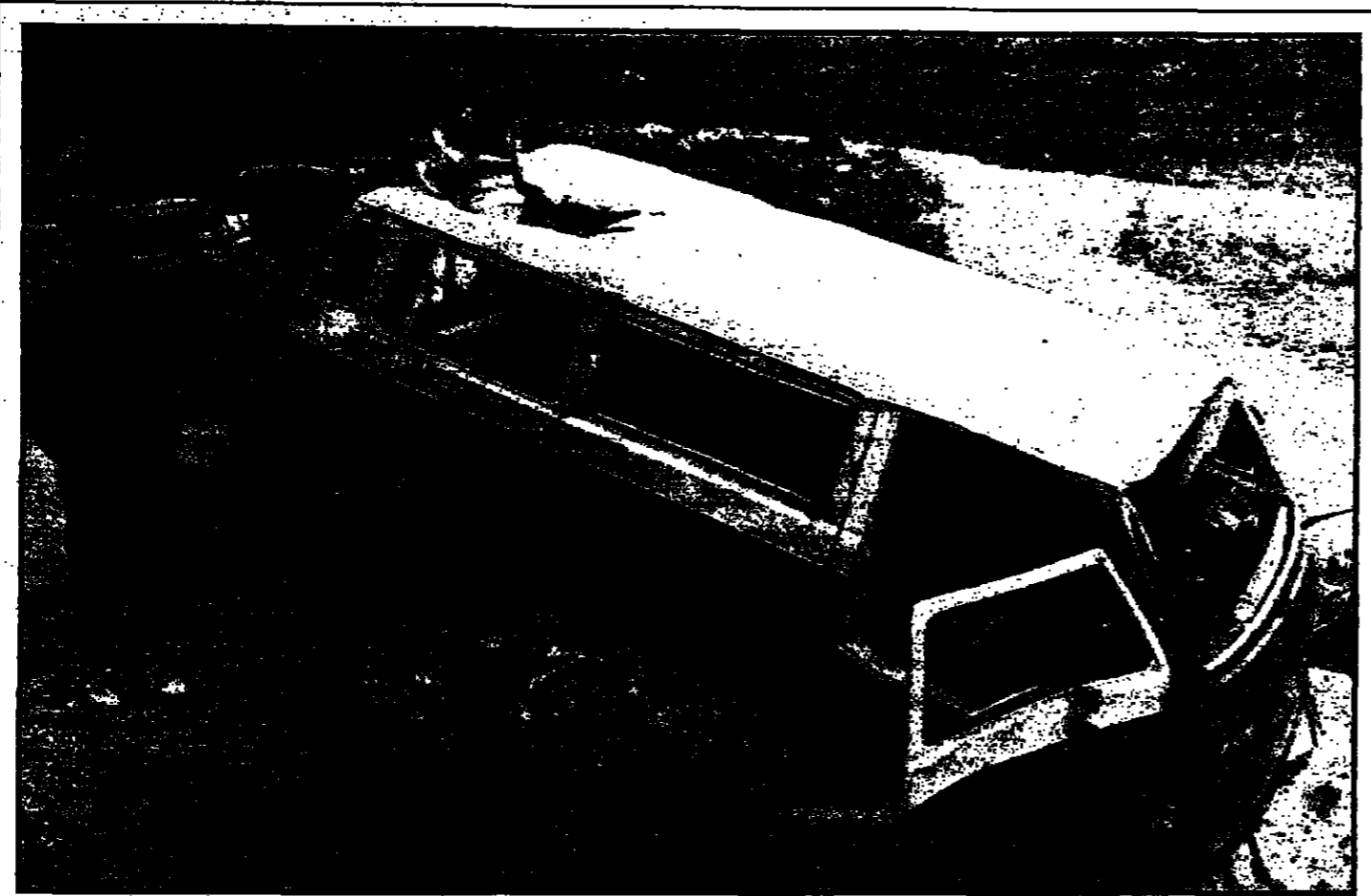
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Palestinians survey a minivan yesterday in the Kana River. The vehicle plunged from a collapsing bridge Saturday drowning at least seven Palestinian workers. (Reuters)

IDF joins flood victim search

By DAVID HADJEE

In the Kalkilya region, IDF troops and Palestinian Police continued the search for passengers of the packed van that was swept away by the floods.

The forecast for today is for isolated thunderstorms to continue throughout most parts of the country with the rain and strong winds dying out tomorrow.

The Volkswagen minibus filled with Palestinian laborers trying to sneak past an army roadblock into Israel fell off a rickety bridge late Saturday into the swollen Kana River, which swept them away and drowned at least seven passengers. IDF troops answered a call for help from the Palestinian Police and yesterday afternoon, with the help of a helicopter, had found the bodies of seven people who had been riding in the van. According to two survivors, four more passengers were still missing.

The Palestinians were reportedly from the Jenin region and did not have Israeli work permits. The IDF said it was fully coordinating the searches with the Palestinian Police, but that now searches were focused near the Israeli village of Jaljulya and that Israeli police were involved. It is feared that the bodies may have been carried into the Yarkon River and security sources say they may have been swept to sea.

The Palestinian Authority search and rescue parties began the search and then called on Israel for help. The IDF sent units of Golani Brigade troops to the scene. From daybreak the soldiers worked alongside the Palestinians, including relatives of the missing men, in the search and rescue operations.

Maj. Gen. Gabi Ophir, commander of the IDF forces in Judea and Samaria, told reporters that the troops had expressed their condolences to the families at the scene when bodies of their relatives were found. They also offered their condolences to the PA.

Prime Minister Binyamin Netanyahu also contacted PA Chairman Yasser Arafat to express the government's condolences.

Ophir said the soldiers had searched both banks of the Kana River as far as its junction with the Yarkon and the matter had then been transferred to the police.

As the searches continued, residents of Kalanswa village in the Triangle region began mopping up after the floods that swamped nearly 1,000 homes in the community on Saturday began to recede.

The floods, which also destroyed greenhouses and washed away field crops, was caused when the Alexander and Tzurim Rivers overflowed as a result of torrential rain in the area on Saturday morning.

Negba, which borders the Gaza Strip, recorded the largest amount of rain in the country yesterday with 100 millimeters, while Jerusalem was hit with 46 mm. and Tel Aviv with 19 mm.

Tourism Minister Moshe Katsav visited the village yesterday and met with local council leaders and residents. The government has reportedly promised to provide funding for drainage and other measures to try and prevent flooding from the rivers in the future.

It is still too early for farmers to count the costs of one of the harshest winter weekends for years.

"It's impossible to be accurate until the waters have fully subsided," Agriculture Ministry spokesman Naphtali Yaniv said.

The recent cold snap and earlier drought caused millions of dollars of losses to farmers. The prolonged dry spell, for example, led to the ruin of some 60,000 tons, or \$4 million worth of seeds in the Negev.

The damage caused by the flooding also effected farmers elsewhere in the country. Field crops in northern and central districts were badly hit. Farmers in the South, however, complained that hardly any rain had fallen there and their crops had dried up.

Fruit and citrus farmers, on the other hand, welcomed the heavy rains, which will help ripen fruits after the long dry spells that have characterized the winter.

Mekorot officials reported that the water level in the Kinneret had risen by as much as 22 centimeters since last Friday - more than half of the total of 40 cm. that it has gone up during the entire winter season.

They noted, however, that the water level is still more than 2 meters from its maximum mark, although it is expected to continue to rise in the coming days due to the strong inflow from the Jordan River and other streams and tributaries that ultimately flow into the lake.

Arich O'Sullivan and David Harris contributed to this report.

State Attorney, police push for lid on leaks

By SARAH HONIG and Jerusalem Post Staff

After a day of trading accusations over the leaks in the Bar-On affair investigation, the State Attorney's Office and the police agreed to not make any more statements until the investigation is finished and conclusions are reached in order to prevent the spread of disinformation.

The decision came after a tense meeting on the topic yesterday morning attended by Attorney-General Elyakim Rubinstein, State Attorney Edna Arbel, Police Deputy Inspector-General Gabi Last, investigation head Cmdr. Sando Mazor and senior investigators.

The participants issued a joint statement saying, "there is a legal, public and humane need to protect the rights of those who are investigated who, like all human beings, are considered innocent and have to be publicly seen as being innocent" while the investigation is in progress.

Earlier in the day, senior police sources involved in the investigation scored the State Attorney's Office for the leaks, particularly those referring to the questioning of Prime Minister Binyamin



Ya'acov Weinroth (Brian Hendler)

Netanyahu, saying they would harm the investigation by providing vital information to potential suspects.

Police say that the critical information only reached the media after the meeting on Thursday at

Hanegbi files complaint against Channel 1, Page 2

Stock market drops sharply over Bar-On affair, Page 9

which investigators provided the State Attorney's Office with details of the investigation.

However, the State Attorney's Office responded that police were just trying to deflect the blame and suggested that two senior police officials were responsible for supplying the media with the informa-

Continued on Page 12

PM pledges Har Homa quid pro quo

By DAVID MAKOVSKY

Prime Minister Binyamin Netanyahu informed Jordan's King Hussein during a visit to Amman yesterday that Israel plans to "simultaneously announce this week" the construction of some 2,600 Jewish housing units in Har Homa while it grants permission for the construction of an "approximately equal" number of Arab units in the Jerusalem area, participants in yesterday's talks says.

In remarks at the joint press conference at the Raghdan Palace, the monarch sought to be diplomatic but urged all to act "responsibly" to ensure peace prevails.

When asked specifically about his views on Har Homa, Hussein said: "I know how sensitive the issue of Jerusalem is. I hope nothing will ever happen that will explode emotions. We have to think with our minds and hearts."

While trying to play down differences, when pressed further, Hussein, added, "our principled position is to oppose any change (in eastern Jerusalem) that would effect or threaten the peace process."

Story, Page 12.

Turkmenis seek to supply gas to Israel

By DAVID HARRIS

Turkmen Foreign Minister Boris Sheikmuradov has requested a meeting with National Infrastructure Minister Ariel Sharon to discuss the supply of natural gas to Israel, a senior industry source said last night.

Sheikmuradov has apparently asked Foreign Minister David Levy to arrange the meeting for March 19.

If a deal were to come out of the negotiations, it would provide an alternative to lines of supply from Qatar and Egypt, which are proving difficult to secure.

The Turkmenis are proposing the construction of a pipeline under the Caspian Sea to Turkey.

Continued on Page 2

Hadash MK Bashara's new kidney - courtesy his brother

By JUDY SIEGEL

Bashara was diagnosed with hypertension and of late has been receiving medication for it, but a few months ago his kidney function suddenly deteriorated and he needed dialysis. "I tried not to let it interfere with my work in the Knesset," said Bashara, a 40-year-old Nazareth resident.

His siblings all underwent compatibility tests, and Marwan - an author and teacher at the American University in Paris - was found the most suitable.

Dr. Ahimad Eid, a senior Hadassah surgeon who performed Israel's first liver transplant some years ago, will do the operation.

"I hope he doesn't take out my liver by mistake," said the MK, who added he was relieved to undergo surgery, as dialysis is very time consuming and tiring.

The MK has raised the issue of organ transplants with Knesset Labor and Social Affairs Committee chairman MK Maxim Levy, but he wants to separate his health from his political activity. "It's not my style to mix the two, but I will promote organ donation through the proper channels. There are 1,000 people in Israel waiting for a kidney."

Politics and working in the Knesset is not always conducive to good health, said Bashara. "I've worked so hard in recent months that few noticed I had to cut down on my activity. Until recently, I didn't think much about my health," he said.

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BOX OFFICES: TEL-AVIV, Suzanne Dellal Center: 03-5105656, Rokoko: 03-5276699, Hadram: 03-5279797, Kassel: 03-6044725, Leon: 03-5247373, HAZARON: 03-5400551/2, JERUSALEM, Jerusalem Theatre: 02-3610011, Binot: 02-6234061, Klam: 02-6254869, Be'er Gabriel at KINNERET: 06-6751175, Kfar-Saba: 09-7649230, REHOVOT: 08-9343207, 08-9467890, HAIFA: Garber 04-8384777, 6292432, BEER-SHEVA: Ben-Gurion University, 07-6472340.

BOX OFFICES FOR ISRAELI CAMPAIGN: TEL-AVIV, Suzanne Dellal Center: 03-5105656, JERUSALEM, Jerusalem Theatre: 02-3610011, HAIFA, Garber: 04-8384777, Kfar-Saba, BEER SHEVA & REHOVOT, Rokoko: 03-5276699.



Publication Arts & Beit Baruch

Alleged US army informant considered moving to Israel

By STEVE RODAN

David Tenenbaum, the US army administrator accused of illegally passing classified information to Israel, has been seeking to make aliya since 1990 and repeatedly urged his Israeli interlocutors to help him settle here, *The Jerusalem Post* has learned.

Tenenbaum, a prominent Orthodox Jew in the Detroit area, tried to make aliya in 1990, 1992 and 1996. Tenenbaum tried to get US Army permission to spend a sabbatical at Rafael, the armaments development authority, in 1994, but the Israeli Defense Ministry refused and instead suggested he spend the year at the Technion. At that point, the US Army refused to let

him proceed with his plans. In 1995, he struck up a friendship with an Israeli defense representative, Reuven Granot, at a conference in Jerusalem. The two met again when the Israeli was posted to a joint US-Israeli program to develop armored protection for light military and civilian vehicles. Granot suggested that Tenenbaum, a biologist by profession, apply for a sabbatical at Hadassah Hospital in Jerusalem. Sources close to the investigation said Tenenbaum was an administrator at the joint US-Israeli program responsible for procuring budgets for technology projects with foreign countries. They said he had no technical knowledge regarding any of the docu-

ments he was said to have kept in his home regarding the Bradley armored vehicle or the patriot missiles. On February 13, US authorities filed an affidavit in a Detroit court saying Tenenbaum admitted to divulging classified information to Israeli liaison officers assigned to a joint tank armament project over the last decade. He listed Granot as one of those who received material. Israeli sources stressed that they have not found anybody involved in the tank program who had admitted to either soliciting or receiving documents from Tenenbaum. They said Tenenbaum, who is fluent in Hebrew, had a strong affinity with the Israelis, but never discussed documents or sensitive technological data.

Supreme Court begins to hear Dinitz appeal

By EVELYN GORDON

The Supreme Court began hearing the appeal of former Jewish Agency chairman Simcha Dinitz yesterday, and will continue at a later date. Dinitz was convicted of billing some \$6,700 worth of personal expenses to the agency via his personal Syms clothing store credit card, but was acquitted of charging another \$15,400 worth of personal expenses to the agency via

an agency American Express card. The Jerusalem District Court sentenced him to a NIS 40,000 fine. The state then appealed the partial acquittal, while Dinitz appealed the partial conviction. The state also appealed the lightness of the sentence. At yesterday's hearing, Dinitz's attorney, Amnon Goldenberg, argued that the lower court erred in concluding that Dinitz intended to commit fraud. All the agency officials in the New York office, to

whom Dinitz submitted the Syms bills, knew they were private bills which Dinitz was supposed to repay, Goldenberg said. The bills were then sent on to Jerusalem with the understanding that the reimbursements would be done there. Had Dinitz intended to mislead the agency, Goldenberg argued, he would not have informed the New York office of the bills' personal nature. Dinitz cannot be held responsi-

ble for the fact that the Jerusalem office was either not informed of the bills' personal nature by New York or failed to act upon this information, Goldenberg said. Goldenberg also argued that many of the witnesses had a vested interest in incriminating Dinitz, and said the lower court had not given sufficient weight to this fact when evaluating their testimony. Under any scenario, there were "serious foul-ups" in the agency's financial divisions, since "no one

disagrees that sums of money owed the agency by Dinitz were not paid," Goldenberg explained. However, the majority of the witnesses in Dinitz's trial were employees of these same financial divisions, and therefore had an interest in saying that criminal behavior on Dinitz's part, rather than their own negligence, was responsible for these mishaps, he argued. The hearing will continue at a later date.

Jewish leaders: Don't change Law of Return

By Jerusalem Post Staff

In a meeting with Industry and Trade Minister Natan Sharansky yesterday, Jewish Agency Chairman Avraham Burg and US Jewish leaders presented a document in which the agency calls on the government to "abstain from" legislation altering the religious status quo and "not to allow any change in the Law of Return."



Reform and Conservative demonstrators demand the right to non-Orthodox conversions in Israel, in a protest yesterday outside the Industry and Trade Ministry in Jerusalem, where Jewish Agency and US Jewish leaders were meeting with Minister Natan Sharansky on relations between Israel and the Diaspora. (Brian Hendler)

The Jewish leaders, representing all religious streams among world Jewry, expressed concern to Sharansky, who heads the *Ministerial Committee on Diaspora Affairs*, that the two sides do not "know each other well."

Sharansky agreed there were misunderstandings between the two sides. He said many ministers have "no idea who the Conservative and Reform are." Representatives of the Reform and Conservative movements voiced concern about the developing stance among US Jewry toward Israel, and especially toward the current government in light of the pending legislation.

Eric Yoffie, head of the Reform movement in the United States, told the government representatives, "Just as you ask us to understand the Israeli reality, you have to understand the reality of US Jewry. In order for us to remain one people, three million Reform Jews need to know that the government of Israel understands them, knows them, is aware of their problems and con-

siders them legitimate." Burg concluded the meeting by proposing the establishment of a joint committee of the Jewish

Agency and the government as a forum for discussions to achieve a deeper understanding of both sides and discuss common prob-

lems. "You must find a way, through the Knesset and the government, to give this group an opportunity

to present its detailed positions and the ramifications of this law for Jewish communal life in the Diaspora," Burg told Sharansky.

Fertility technique may produce infertile sons

By JUDY SIEGEL

A five-year-old technique that has made thousands of infertile men around the world into fathers is believed to pass on a defective gene that may make their male babies infertile. This potential problem - discovered by Prof. Joseph Itskovitz, head of gynecology and obstetrics at Haifa's Rambam Hospital, and his colleague, Dr. Shahar Kol - has aroused much concern and poses serious ethical questions. The technique, called intracytoplasmic sperm injection (ICSI), is a sophisticated method of in-vitro fertilization developed in Belgium in 1992. It is meant for producing pregnancies in the partners of men whose semen contains almost no sperm or sperm suffering from almost total lack of motility. Reproductive specialists shoot

single sperm into the ova or make a hole in the ova's outer layer to facilitate conception. Many thousands of healthy babies have been produced this way, hundreds of them in Israel. Itskovitz studied 30 male babies born as the result of ICSI and found that three had inherited a defect in the Y chromosome believed to be the cause of their father's infertility. (Girls have only X chromosomes so they are not affected.) The Rambam doctors' study was first mentioned in a letter to the editor in the British journal *The Lancet* and shortly afterwards in December in the journal *Molecular Human Reproduction*. Then, Dr. Jon Pryor, a urologist and cell biologist at the University of Minnesota, conducted a study that bolstered Itskovitz's conclusions by studying the frequency of the genetic defect in 200 men, pub-

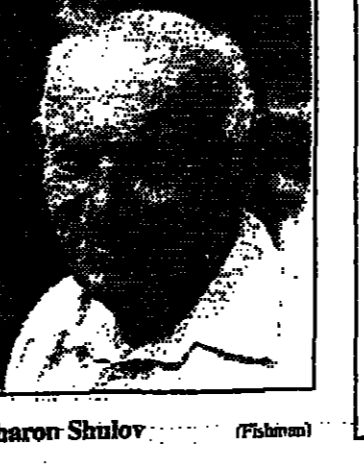
lished recently in the *New England Journal of Medicine*, it was reported on in *The Washington Post* late last week and aroused much concern. The problem is apparently most serious when a biopsy of the testes is performed to remove immature sperm directly and inject them into the ovum. Itskovitz said last night that he would not go so far as to ban ICSI or even to choose for implantation only female embryos produced by the technique. "Some of the babies could suffer from only substandard fertility, but could be helped to impregnate using fertility techniques. Others will be normal. But it's possible that a genetic defect is being introduced and passed on to humanity by this technique and that without it, men carrying the defect would not have offspring. This is an ethical manner," he said.

There is no registry of ISCI babies in the US, thus complicating the problem. Itskovitz said that the issue should be discussed with couples about to undergo ISCI, and that it should be a matter for society in general to decide. In any case, male children produced by ISCI should be carefully followed over the years to come to determine whether they have a fertility problem and to try to help them, he concluded.

Zoologist Aharon Shulov dies at 89

Eminent zoologist Prof. Aharon Shulov, who was the founding director of Jerusalem's Biblical Zoo, died on Friday and was buried yesterday in Jerusalem. He was 89. The Russian-born Shulov came to Palestine in 1926 and was one of the pioneers of the Hebrew University. He served as director of the Biblical Zoo for close to half a century. He was also the longtime secretary of the Israel Entomology Society and an executive member of several similar societies abroad. Shulov was not only the founding director of the Biblical Zoo,

but its chief cook and bottle washer. He raised the necessary funds to build it, dealt with the architects, procured the animals and developed the institution, which in 1939 began in a small courtyard at the old Hadassah Hospital in downtown Jerusalem, then moved to Romema before being relocated recently to Malcha. Shulov aimed to recreate Noah's Ark. He never quite realized that dream, but did better than Noah, because most of his four-legged friends were not limited to pairs.



Aharon Shulov (Fishman)

NEWS

in brief

Histadrut passes '97 budget
The Histadrut Parliament passed the labor organization's NIS 337 million 1997 budget yesterday. Histadrut Chairman Amir Peretz also announced yesterday that nine of the Histadrut's 10 most highly paid officials have agreed to take a pay cut. *lim*

Israel aides Bulgarian Red Cross
The Foreign Ministry sent a ton of medical supplies to the Bulgarian Red Cross yesterday, following requests for aid from the organization. Israel will send a plane load of some 40 tons of medicines and foodstuffs next month. *David Harris*

Channel 2 Rabin documentary wins bronze
The documentary *Seven Days in November* won a bronze medal in the Special Documentary category at the New York Film Festival, the Second Television and Radio Authority announced yesterday. The film, produced and funded jointly by the authority and its three franchisees, documents the murder of prime minister Yitzhak Rabin on November 4, 1995, the mourning and some of the subsequent events of that week. *Helen Koye*

Three Israel Prize recipients named
Maj.-Gen. (res.) Yisrael Tal, Rabbi Avraham Elimelech Firer, and Uzia Galil will be awarded the Israel Prize for life achievement and special contribution to the state and society, Education Minister Zevulun Hammer announced yesterday. The selection committee cited Tal's contribution to the state's security and the defense industry, Firer's assistance to the ill and wounded and Galil's contribution to the electronics industry. *Jerusalem Post Staff*

TWA to ban smoking on flights to US
TWA will on April 1 become the only airline operating in Israel to completely ban smoking on its flights between Israel and the US. The airline said that based on trials in Great Britain, France and Germany, it found that the large majority of its customers preferred that smoking be completely prohibited instead of allowing smoking sections. At present, the law bars smoking on all flights to and from Israel that take less than two hours. A Transport Ministry committee is currently hearing arguments on the question of whether regulations should be issued barring smoking on all flights to and from Israel. *Judy Siegel*

Haifa Chemicals talks break down again

By DAVID FUDGE

Negotiations on ending the dispute that has closed the giant Haifa Chemicals factory for over three months broke down again yesterday. Sources close to the talks said the management and Histadrut teams walked out of the meeting after they failed to reach agreement over cutting welfare benefits to the workers. The breakdown in negotiations once again raised a question mark over the future of the troubled plant. The two other key issues still to be discussed are likely to be even more difficult to resolve. They are management's demand to cut the 500-strong workforce by 120 people and to increase the number of personal contracts among the remaining employees. Management insists that it wants to negotiate a new collective agreement with the workers, in the framework of its plans to reorganize the factory and make it more

cost-efficient. The sources stressed, however, that failure to reach an agreement in the coming weeks would not bode well for the future of the factory and its workers. The turning point, according to the sources, could be reached as early as next Tuesday if no accord is reached in negotiations beforehand. On that date the High Court of Justice is due to hear a petition by the Histadrut against a decision by the National Labor Court to cancel the collective agreement at the factory. The court earlier issued a temporary injunction preventing management from taking any unilateral steps over the collective agreement issue pending the full hearing. The Histadrut says it has secured the agreement of the workers to take cuts in welfare benefits that would save the company hundreds of thousands of dollars. Management, however, rejected the compromise.

THE ISRAEL-CANADA CHAMBER OF COMMERCE AND INDUSTRY

is holding a reception in the presence of

The Mayor of Tel Aviv-Yafo, Mr. Roni Milo,
and
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in honor of
H.E. Mr. Arthur Eggleton,
Canadian Minister for International Trade,
at the head of a large delegation of industrialists and businessmen from Canada.

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120 Hindus die in India fire

News agencies

BHUBANESHWAR, India - At least 120 Hindu devotees were killed and 165 injured yesterday when fire swept through temporary shelters at a religious conference in eastern India, authorities said.

The interior secretary of Orissa state, S.C. Hota, said in the state capital Bhubaneswar that some 15,000 people were attending the conference in Baripada town when the blaze swept through thatched huts erected for the event.

He said strong winds fanned the fire, which broke out at about 3:30 p.m. and swiftly engulfed the camp in Baripada, 220 km north of the state capital.

The cause of the fire was not yet known, Hota said.

Most of the victims were men napping after lunch at the national conference, dedicated to the mem-

ory of the Hindu guru, Swami Nigamananda, Hota said.

At least 165 injured were taken to local hospitals, he said.

Earlier, the Press Trust of India said some 200 people were feared killed and several hundred injured in the blaze.

Police were still recovering bodies, said Orissa's director general of police, A.B. Tripathy. Hota said only a few more bodies were likely to be recovered.

Indian news agencies had earlier put the toll at at least 200. The cause of the blaze had not yet been determined.

Baripada was overwhelmed by the disaster - the town has only two fire trucks. The state government ordered doctors from larger towns to rush to the site of the blaze.

Swami Nigamananda has been dead many years, but his followers, mostly in eastern India, wor-

ship his memory and continue to seek his otherworldly blessing.

Organizers had built one huge hut and several other sheds of straw walls under thatched roofs for their meetings and as temporary shelters, Hota said.

"So it all burned really fast." The blaze completely destroyed all the straw and thatch huts.

Press Trust of India news agency reported eyewitnesses said that the fire started from an electric short circuit in the main hut and people, most of them poor villagers, panicked and rushed to the exits.

Many people may have died in the stampede, Press Trust said.

United News of India said the cause may have been the explosion of a gas cylinder used for cooking.

The Nigamananda festival has been held in Baripada annually for the last 46 years.



New hope for Tibet
The exiled Tibetan leader the Dalai Lama greets his disciples at Dharamsala in the northern Indian state of Himachal Pradesh yesterday. The Dalai Lama said China's new leader, Jiang Zemin, could help resolve the Tibetan issue. (Reuters)

UN can take Iraqi missile parts

BAGHDAD (Reuters) - Iraq has agreed to let the United Nations take scrapped missile engines out of the country for examination, UN arms envoy Rolf Ekeus said yesterday.

"The government of Iraq agreed to the removal of remnants of proscribed missile engines from Iraq for in-depth analysis by the commission," Ekeus, chairman of the UN Special Commission on Iraq (UNSCOM), told reporters in a joint news conference with Iraqi Foreign Ministry Undersecretary Riyad al-Qeisi.

The United Nations wants to establish if scrapped parts are from missing Soviet-made engines as Iraq maintains or are local equipment buried to divert attention from hidden missile engines.

Ekeus arrived in Baghdad and held extensive meetings with Deputy Prime Minister Tareq Aziz during a four-day visit that ended with a joint statement outlining future cooperation.

Ekeus did not say when the approximately 100 scrapped engines and parts packed in boxes at UN headquarters in Baghdad would be removed. He said he intended to take them to laboratories in either the United States or France.

Earlier Iraq had objected to shipping parts to the United States, although it said it would allow inspection in Russia or France.

The components were unearthed in excavations last year. Iraq said it destroyed the missiles in 1992 and Ekeus said unilateral scrapping of banned items by Iraq had complicated his work.

He said Iraq claimed to have unilaterally dismantled a large portion of its long-range missiles and production tools. "This you can imagine creates a lot of deep concern," he said.

Ekeus did not say how many missiles he believed were missing but said Iraq could still be concealing equipment.

Yeltsin 'fully recovered'

MOSCOW (AP) - Looking healthy and speaking strongly, President Boris Yeltsin yesterday declared himself ready to take on his foes in Russia's parliament and tackle the conflict with NATO over its planned expansion.

"I am fully recovered, that's it," Yeltsin said after laying a wreath at the Tomb of the Unknown Soldier outside the Kremlin to mark a holiday honoring the military.

"You can now say my sickness has passed; now I just need to regain some of my strength," the 66-year-old president said in a rare face-to-face meeting with journalists.

Yeltsin said he had lost 26 kilos since heart bypass surgery in November and a bout with double pneumonia in January.

He said his recuperation has been slower than he expected, but he's finally getting back on his feet.

"I feel my strength coming back," Yeltsin said. "I'm thinking clearly and I'm fully aware."

China readies for Deng cremation

BEIJING (AP) - Police blockaded a cemetery for revolutionary heroes yesterday and kept back crowds of about 200 people from its front gate, where a flag flew at half-staff.

At one point, a stream of about eight black limousines sped out of the cemetery.

Deng died Wednesday evening at age 92. Deng's family asked that his ashes be scattered at sea, after a memorial tomorrow attended by 10,000 people. A casket containing Deng's ashes will be covered by the red Communist flag for the memorial, which marks the last day of a six-day mourning period.

Deng's chosen successor, Communist Party Secretary and President Jiang Zemin, is likely to welcome Albricht's visit as a chance to highlight international recognition for his leadership.

Albricht has compressed all her meetings into one day so she can

leave before tomorrow's memorial. No foreigners were invited because Deng, who retired in 1990, was officially a private citizen with no higher title than "comrade." Hong Kong's *Sunday Morning Post* said political infighting that some expect to sharpen with Deng's death has begun. The newspaper said Communist hard-liners were circulating a 20,000-word criticism of Deng's policies, in defiance of Jiang's orders.

The report clashed with the picture of unity given by the official media, which reported Communist Party officials and military leaders - including veterans who fought beside Deng - rallying around Jiang as the "core" of the post-Deng leadership.

Premier Li Peng and the head of the legislature Qiao Guh - both possible rivals to Jiang - have echoed pledges Jiang made to carry on Deng's reforms.

Jiang has been quick to claim Deng's mantle. He heads a funeral committee for Deng and will give the memorial speech tomorrow.

Investigators hunt Atlanta bomb links

ATLANTA (Reuters) - Investigators yesterday continued their search for links between a bomb that exploded at a lesbian nightclub and two other unsolved bombings that have shaken the city over the past seven months.

A police cordon sealed off streets for several blocks around The Othello Lounge as agents from the FBI, the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF), the Georgia state police and local law enforcement agencies combed through the neighborhood for pieces of shrapnel and other evidence.

Members of national FBI and ATF response teams arrived from around the country to assist in the investigation of Friday night's blast, and authorities predicted the number of federal agents on the case would reach 100 before today.

Early yesterday, police went on alert once again after an anonymous caller phoned a bomb threat into the city fire station that had responded to the nightclub bombing. A nearby hotel and dozens of businesses were evacuated. But no bomb turned up during the ensuing search.

Officials said the attack was similar to two others in Atlanta - a January double-bombing at an abortion clinic and the deadly Centennial Olympic Park bombing last July. Those similarities led a senior FBI official to speculate that investigators could be dealing with a serial bomber.

"The bombings have not been categorically tied together yet. Of course, the last bombing was aimed at an abortion clinic. It's a possibility that this one was motivated by hate," said FBI spokesman Jay Spadafore.

The nightclub bomb, apparently packed with nails, went off in the rear patio section of the lounge in northeast Atlanta shortly before 10 p.m. Staff said the club, one of Atlanta's few predominantly lesbian bars, was about half full at the time.

Police found a second bomb in a backpack hidden among some bushes in an adjacent parking lot and detonated the device with a remote-control robot.

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Tour guide: Yisrael Shalem

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The Bar-Kochba Revolt failed. 600,000 Jews died. Jerusalem was destroyed. Jews were sold as slaves, and *Tora* study came to an end. But a new center arose in the Galilee, and the towns of Zippori and Tiberias became famous. We'll visit them, as well as Beit Shearim, the burial place of Rabbi Yehuda Hanasi and his family.
NIS 215 (including lunch)
Tour guide: Danny Welss

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Prime Time

The Communist Dynasty Had Its Run. Now What?



Deng Xiaoping, who died last week, was in declining health last summer when China Central Television broadcast a 12-part documentary about his life, the first episode of which was on view at a Beijing shopping center.

By NICHOLAS D. KRISTOF

WHEN Deng Xiaoping visited the United States in 1979, the actress Shirley MacLaine told him how impressed she had been on a visit to China during the Cultural Revolution, when Mr. Deng and countless others had been forced to toil in remote areas and "learn from the peasants." The actress said she had been particularly moved by a scholar working in a field, who had described how much more fulfilling it was to grow tomatoes than to work in a university.

sands of years ago, and he rescued the Communist Dynasty when it was tottering after Mao's death. But his own departure again leaves the dynasty in fragile shape. The Communist Dynasty, founded by Mao in 1949, has today largely lost the "mandate of heaven" — the moral authority and popular support or acquiescence — that gives it legitimacy and enables it to rule. So China may now be approaching a transition not only of emperors but also of dynasties.

Possibilities Open

This does not mean that anything much will happen immediately or even in the next few years. Still, Mr. Deng's death has created a tremendous range of possibilities, from a military coup at one extreme to evolution toward quasi-democracy on the other. So long as his heart beat, China was vaguely predictable, but now all kinds of things become conceivable.

One measure of the frailty of the Communist Dynasty is that the name already is a bit of a misnomer, for China is not a Communist country in any meaningful sense. It is run by a Communist Party, but the principles governing China are not Marxist-Leninist but Market-Leninist. In other words, China is a marriage of a market economy and Leninist dictatorial principles.

China's Communists today care not about Communism but about power. The bottom line is: We'll stay in power, and everything else is negotiable. There may be more Marxists in New York than in Beijing.

Mr. Deng's own youngest son, Deng Zhifang, demonstrates the path that the best and brightest are taking. An American-trained engineer, he worked for a state-owned company in the 1980's, answering his own telephone and

riding a bicycle to work each day. Now he is a property magnate and international businessman based in China worth tens of millions of dollars. He makes decisions in the same way as any Hong Kong tycoon.

Deng Xiaoping effectively transformed China from an ultra-leftist country to an ultra-rightist country, and today the Communist Dynasty governs not by socialism but by something close to a dictionary definition of fascism. China's underlying dynamic, with its combination of vibrant free enterprise, state-owned companies and authoritarian political system, has little in common with Maoism but has great parallels with Franco's Spain or Park Chung Hee's South Korea or Pinochet's Chile.

This arrangement has given China tremendous vitality, but it has not done much for the longevity of the political system, and Mr. Deng's China may some day be remembered the way the world now looks back on

Continued on Page 4

Second Thoughts About Being Better Off

The Rehabilitation of Morning in America

By LOUIS UCHTELLE

NOTHING has so defined the American mood over the last 20 years as economic pessimism. From nearly every quarter came the message that prosperity was in decline and young people would have to adjust to a lower standard of living than their parents'. But now, all of a sudden, the last couple of decades don't look so bad. Recent economic history is being revised. And in the new version, Americans turn out to have been more prosperous than they realized. The children can relax.

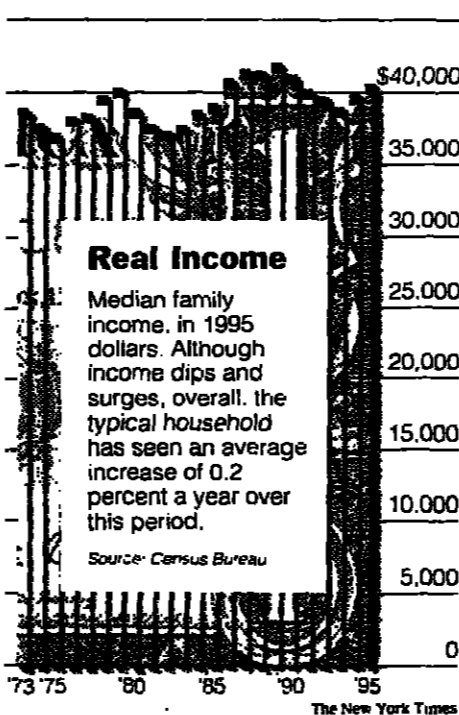
The revisionists are multiplying. They appear in the Clinton Administration, in the pronouncements of Joseph E. Stiglitz, the President's just-departed chief economist. They are evident in Congress, in the optimism of Senators Daniel Patrick Moynihan, a liberal Democrat, and Connie Mack, a conservative Republican. They show up on Wall Street, in the bullishness of Felix G. Rohatyn, the investment banker, and in corporate America, in the boosterism of Jerry J. Jasinowski, president of the National Association of Manufacturers. And they

appear among academics who study and pronounce on the American condition. From all of them, the new message, though never uniform, is roughly this:

The world's juggernaut economy has turned out to be America's, not Japan's or Germany's. Those nations went down the wrong road, while Americans — bemoaning their situation every step of the way — nevertheless remade their corporations into streamlined global competitors. What's more, living standards, instead of stagnating or deteriorating, rose in ways that are only now being noted. And Americans developed technology with an inventiveness and flexibility not recognized before.

"We never realized how much we did in the 1980's to restructure American business and capitalize on new technology," said Mr. Rohatyn, who is managing partner at Lazard Freres & Company.

Like Mr. Rohatyn, the revisionists are mainly the well-off and successful. Their views, reflecting their own good fortune, flourish because the present looks good. The nation is six years into an economic expansion, unemployment is low and median family incomes have begun to rise, just as they did at this point in the 1980's expan-



sion. But in the seventh year of that expansion, 1990, a recession came that soon made most Americans even more pessimistic. That could happen again, deflating the revisionists' line.

For now, there is no talk of the next recession, although one is inevitable. Certainly there is no such talk from the Democrats, who had played a big role in rekindling the pessimism of the early 1990's. After four years in the White House, they have a stake now in the economy's achievements. Mr. Stiglitz, chief author of the 1997 Economic Report of the President, points, for example, to the "promising statistics" suggesting that income inequality, after 20 years, might finally be reversing.

Thanks, Japan

The new economic thinking also gets a boost from Japan and Germany, whose economies seemed so invincible in the 1980's but are caught today in downturns and, in Germany, high unemployment. For the revisionists, these reversals are inevitable results of a mistaken preference in Japan and Germany for government intervention in economic activity. By comparison, they say, America's

laissez-faire approach has finally given the United States the upper hand.

"People had written off the innovative character of American entrepreneurs and their workers, and they were wrong," Mr. Jasinowski said. "They had emphasized our troubles, the slower economic growth, the downsizing, the uneven distribution of income. These are real issues, but they had gotten out of proportion to the industrial renaissance that has been taking place."

Even the millions who suffer from these real issues appear to be helping re-establish what Mr. Jasinowski considers the right proportions. Expectations have diminished, said Richard T. Curtin, a director of the University of Michigan's Survey Research Center. What Americans accept today as a step up in living standards would have been scorned as piddling 25 years ago.

"It is a little like people are saying, 'I am not earning enough to get by, but it is not as bad as it could be,' while in the 60's they thought, 'How good can it get?'" Mr. Curtin said. "When you make that downward change in your standard of judgment, that makes a great deal of difference in the

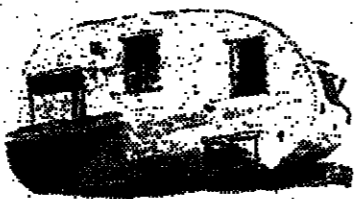
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Mobile Homes Move Up

Here comes the neighborhood.

By Kevin Sack

2



He's Baaack

But new ethics probes may outlast Starr.

By Stephen Labaton

2



Numbers Don't Fly

What counts in halting an airline strike.

By Adam Bryant

3



to roos

losers

POSTSCRIPT

The Nation

Mobile Homes Go Upscale: One Pet Per Plot, Please

By KEVIN SACK

APARENTLY James Carville has never been to Hunter Ridge. Back in December, when the political strategist was making a full-time job of defending President Clinton's ethics, Mr. Carville explained away Paula Corbin Jones's sexual harassment charges against Mr. Clinton by saying: "Drag a hundred dollars through a trailer park and there's no telling what you'll find."

But at Hunter Ridge, a 10-year-old "manufactured home community" south of Atlanta, a single C-note might not get much attention. Residents are too busy swatting forehands on the lighted tennis courts, swimming laps in the pool, planning parties for the clubhouse and casting a line into the stocked fishing pond.

While the social stigma associated with mobile home living may persist, the true face of the industry is changing radically and rapidly. As baby boomers head for retirement, as disposable income tightens and as real estate becomes a less reliable investment, the country has seen remarkable growth in the number and wealth of people living in mobile homes.

Growing Like Weeds

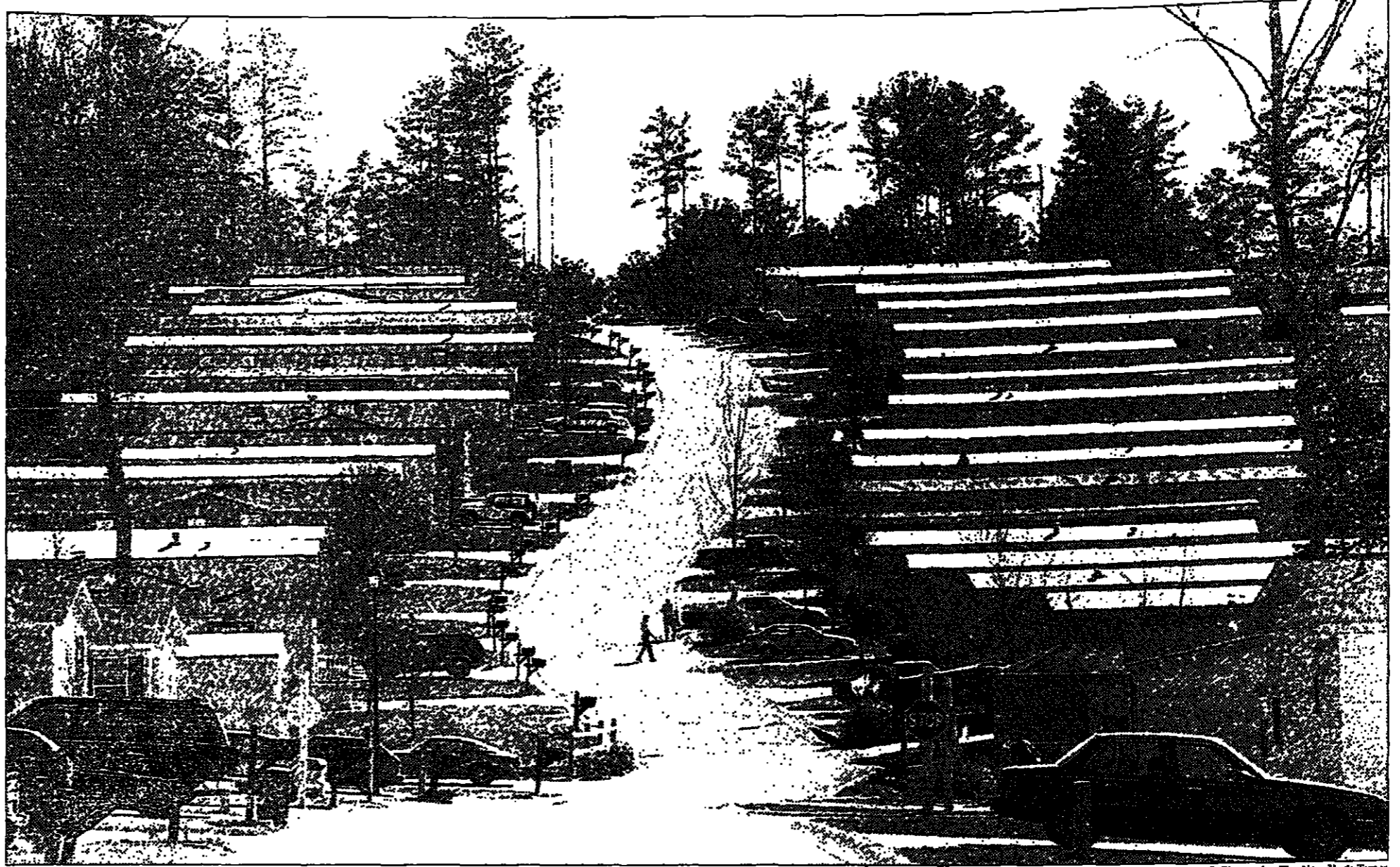
The Census Bureau reported a 57 percent increase in the number of mobile homes between the censuses in 1980 and 1990, more than quadruple the growth rate for single-family houses and multi-unit structures. The country's 7.3 million mobile homes in 1990 represented 7 percent of all housing, up from 5 percent a decade earlier. Industry officials believe a wording change in the 1990 census accounts for some of the change, but they still maintain that the increase approached 50 percent.

Much of the growth has been here in the South, which had 52 percent of the nation's mobile homes in 1990, according to the census. At that time, Florida had more mobile homes than any other state, and five other Southern states — Texas, North Carolina, Georgia, South Carolina and Alabama — all ranked in the top 10.

Chris D. Busky, director of administration and information services for the Manufactured Housing Institute, a national trade association, said that mobile homes represented 61 percent of all new housing in Mississippi in 1996. The figure was 59 percent in Alabama, 38 percent in North Carolina and 26 percent in Georgia.

The demographics of mobile home ownership also have changed. Most residents still have below-average incomes, and many are recent immigrants. But the Foremost Insurance Company, a provider of insurance for mobile homes, estimates that 15 percent of mobile-home households had annual incomes of more than \$40,000 a year in 1993, up from 2 percent in 1981 and 10 percent in 1990. And there has been an increase in the percentage of mobile home dwellers with college education.

"Typically it was thought of as a blue-



At the Hunter Ridge "manufactured home community" south of Atlanta, the mobile homes are in muted colors and rules dictate how high the residents may let their grass grow.

collar factory worker buying manufactured homes," Mr. Busky said. "Now it's professional couples with families. People can't afford \$150,000 homes anymore, and consumers would rather spend their money on other things."

As the demand for mobile homes rises, developers are building sprawling parks like Hunter Ridge that look like upscale apartment complexes. At Hunter Ridge, where all the homes are in muted colors like white, gray and tan, restrictive covenants dictate that residents are limited to one pet per lot, that motor vehicles cannot be repaired within the community, and that lawns must be mowed weekly during growing season (no less than three inches from ground level).

The amenities and regulations seem to influence the way that residents think about themselves. "I would never live in a trailer park," said John W. Guiton, a 45-year-old trucker who was fishing one recent day at

Hunter Ridge with his 8-year-old son, Chris, and their talkative parrot, Charlie. "This is a mobile home community. I've got my own mailbox, and there are no speed bumps."

Neat as a Pin

Mr. Guiton lived in a house until losing it in a divorce. He said he could afford to buy a house now but prefers to live in his \$22,000 double-wide on a lot that he rents for \$215 a month. "It's just a lot simpler," he said. "I don't want a big mortgage to pay off. If I want some land I can always move my mobile home. And they keep it pretty quiet here. They're pretty fussy."

Bartow Fisk, a 70-year-old widower, moved to a \$15,000, 14- by 50-foot mobile home in Hunter Ridge about seven years ago from a house in nearby Riverdale. "The yard was just getting to be too much damn work," he explained. "This is reasonably inexpen-

sive living. I like my neighbors, and in this particular manufactured housing area they do a good job of enforcing their ground rules." As for those who denigrate mobile home dwellers: "To heck with them."

The industry has taken steps to enhance its image, starting with the terminology. "Instead of 'mobile homes,' it's 'manufactured homes,'" said Donata J. Blanks, manager of Jonesboro's Tara Manufactured Home Community, which had been Tara Mobile Home Park until Ms. Blanks took over last year. "Sales lots are now 'retail centers.' 'Double-wides' are 'multi-section units.' We're trying to get away from the 'trailer park,' 'trailer trash,' that kind of thing."

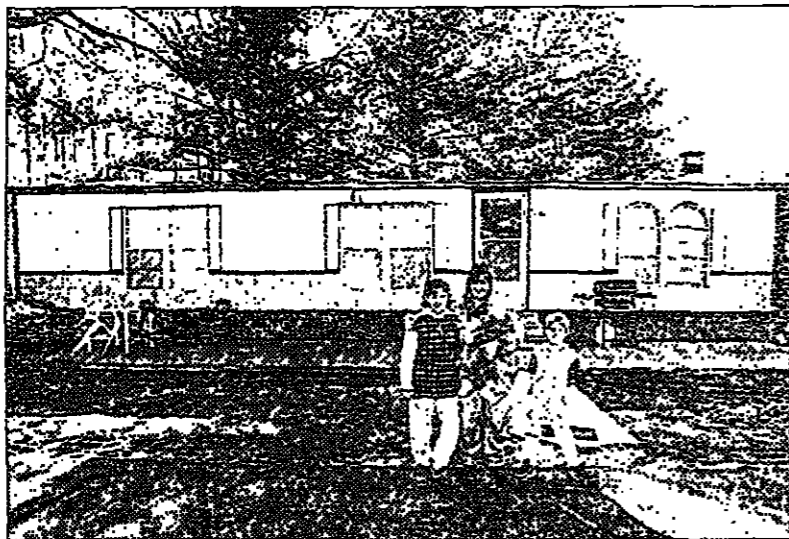
At Hunter Ridge, Wallace G. Gibson, the general manager, cannot clear trees from the red clay fast enough. Since the development opened in 1987, it has cleared lots in six phases — first 126 lots, then another 164, then 49, then 75, then 102. Now the bulldozers are

making way for another 115.

And newer mobile homes have become safer. Their image was never helped when they blew apart or washed away in a natural disaster. But after Hurricane Andrew caused widespread destruction in Florida, the Federal Government imposed new construction standards in 1994 to make mobile home walls, roofs, windows and doors sturdier.

The quality of the homes has improved as well. "You would not believe the new homes," Mr. Gibson said. "They just have all the amenities you would find in a large conventional home with Jacuzzi tubs, skylights, vaulted ceilings, ceramic tile, intercom systems."

"There was a stigma about manufactured homes when they were called trailers and mobile homes. People didn't want to say that's where they lived. But if you give them all these amenities, it's like living in \$200,000 and \$300,000 subdivisions."



Tara Manufactured Home Community, near Hunter Ridge in Jonesboro, Ga., has been Bonnie A. Hunt's home for 12 years.



More crowded lots, center and right, are at the Manhattan Trailer Court in North Bergen, N.J.



More crowded lots, center and right, are at the Manhattan Trailer Court in North Bergen, N.J.

Regardless of Counsel, Clinton's Woes Go On

By STEPHEN LABATON

AS Kenneth W. Starr wavered between the Whitewater independent counsel's office and a university campus in Malibu last week, a new scandal was emerging that has compelled even some Democrats to call for yet another special prosecutor.

Early in the week, White House aides could barely contain their elation over the announcement that Mr. Starr would leave in August to become a dean at Pepperdine University. Why would he leave if President Clinton or his wife were about to be charged? By Friday, reeling under criticism that he was abandoning an uncompleted investigation, Mr. Starr agreed to stay on indefinitely.

Regardless of the future of the Whitewater investigation, revelations about fund-raising improprieties by the Democratic Party and the White House have become virtually a daily occurrence. Last week some Democrats contemplated the need for a special prosecutor to look into questionable campaign financing. Since Mr. Clinton became Presi-

dent, fully four independent counsels have been appointed to investigate him and his cabinet.

"Citizens are apprehensive and very suspicious," said Senator Daniel Patrick Moynihan of New York, who on Thursday became the first Democrat in the Senate to call for an independent counsel to investigate campaign fund-raising. "They feel they will get answers from an independent counsel that they wouldn't get from others."

Even without an independent counsel, new information and issues are piling up daily, and the White House and the President's advisers face many months of other investigations into party fund-raising.

Just three days before the startling announcement of Mr. Starr's resignation — an announcement he just as startlingly reversed by Friday — the White House released documents showing that foreign policy advisers to Mr. Clinton and Vice President Al Gore had repeatedly issued warnings against maintaining ties and granting access to several Asian-American fund-raisers and donors seeking influence.

Since then, the Justice Department and Congressional investiga-

tions have begun to focus on whether Democratic Party fund-raisers were used by the Chinese Government to make secret donations.

The Office of Special Counsel, a Federal agency that monitors whether Government officials improperly crossed the legal line that is supposed to keep them out of fund-raising and other political activities, has

announced that it is examining a number of current and former top Clinton aides to determine whether they violated the law. Among them are former deputy chief of staff Harold M. Ickes and Alexis M. Herman, whose nomination as Labor Secretary has stalled because of her office's role in setting up the White House coffees in which Mr. Clinton

entertained, among others, a twice-convicted felon with ties to organized crime, and the head of one of China's major arms-trading companies.

And by week's end, the Democratic National Committee acknowledged that it would be returning many more donations from Asian-American sources after an internal audit was unable to verify the money's origins.

Also last week, prosecutors moved to delay the sentencing of James B. McDougal. Since his conviction, Mr. Clinton's former business partner is said to have changed his testimony and now maintains that as Governor, Mr. Clinton participated in an effort to obtain an illegal \$300,000 Federally backed loan, \$50,000 of which paid for expenses in the Whitewater Development venture.

Mr. Clinton testified at Mr. McDougal's trial that he never knew anything about the loan, which was issued by David Hale, who ran a Federally backed investment company, to Susan McDougal, Mr. McDougal's wife at the time.

Together, Mr. Hale and Mr. McDougal have been convicted of 20 felony counts.

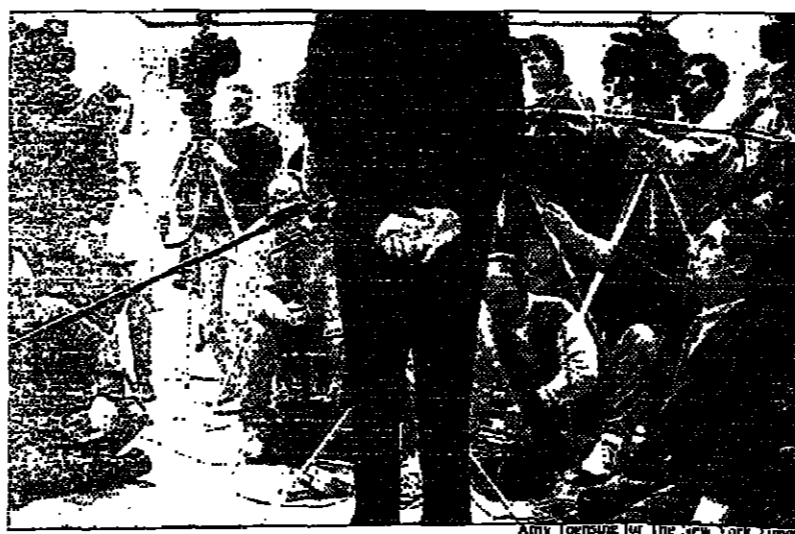
Throughout the savings-and-loan

crisis, aggressive prosecutors have used people like Mr. Hale and Mr. McDougal to get convictions. But prosecutors also acknowledge that in the case of the President or his wife, the standard of proof is higher, and that the testimony of two felons alone would not be enough to meet it.

Mr. Starr and his aides dismissed the notion that his announced departure had anything to do with the status of the investigation, which they said had reached a "sensitive stage."

But some friends also describe Mr. Starr as being frustrated that the inquiry has been set back by witnesses like Mrs. McDougal, who has refused to cooperate and provide information essential to determining whether the Clintons have testified truthfully.

After two and a half years at the helm, Mr. Starr has won more than a dozen convictions ranging from obscure Arkansas businessmen to Webster L. Hubbell, once one of the most powerful officials at the Justice Department. Some who survived those investigations are now re-hiring defense lawyers as they prepare for the new wave of inquiries into the 1996 campaign.



Kenneth W. Starr at a news conference last Wednesday.

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Ideas & Trends



An American Airlines pilot returned to work at the Dallas-Fort Worth International Airport on Feb. 15 after President Clinton stopped the pilots' strike with a 60-day "cooling off" period.

Erich Schlegel/The Dallas Morning News

Maybe a Strike Wouldn't Have Cost *That* Much

By ADAM BRYANT

PERHAPS it was a political no-brainer for President Clinton to intervene last week and halt the pilots' strike at American Airlines.

As George Stephanopoulos, a former senior White House adviser, explained on "Nightline" just before the pilots' strike deadline, "Despite all the high-falutin theory about getting involved in labor and management disputes, when all of the people in the country who are inconvenienced by this can say, 'The President could have prevented it and he didn't,' I don't think that's a price he wants to pay."

But some of those highfalutin theories deserve a second look.

Mr. Clinton said he based his decision on economics, arguing that the potential damage of the strike met the test of the 1926 Railway Labor Act: that a labor dispute "threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service."

This was no small decision. Lyndon Johnson was the last President to use the powers of the act, when machinists struck several airlines in 1966.

Invoking the act will inevitably alter the rhythms of labor negotiations at other major airlines in coming years.

But those concerns were apparently outweighed by the potential impact of a strike: according to a widely quoted study by the United States Department of Transportation, a walkout by the pilots at American would have cost the economy up to \$200 million a day, and possibly stranded 43,000 travelers.

Where did these numbers come from? Before the strike deadline, the department gave the total figures to the public but not the math that produced the totals. The

agency said that its economic assumptions were intended only for Federal mediators and the President.

But the report, which was obtained by The New York Times, shows that some of the Government's totals are as shaky as a fold-down tray on a commuter plane.

Funny Numbers

For example, the estimate of 43,000 stranded passengers "does not reflect at least three significant factors that could mitigate the impact," the report says. Other airlines might add service in places like Miami and Dallas where American is dominant; many passengers might postpone or cancel their travel plans; and many travelers might switch their tickets to other airlines in anticipation of a strike.

So given the certainty that all these things would occur or had already happened, why was the publicized total so high?

For all the potential ripple effect of a strike — particularly in the Caribbean, where American is the dominant carrier — the \$200 million figure also seems high.

Consider that American Airlines' own doomsday study, intended to persuade the White House to intervene, estimated that the economic impact — touching everyone from proprietors of a dry cleaner in suburban Dallas to Chilean salmon producers to waitresses in Jamaica — would be \$83 million a day.

And for context, consider that \$200 million represents the daily total of passenger revenues of the entire United States airline industry (American's market share is about 20 percent).

The Government's calculations even included the potential loss to shareholders of AMR Corporation, American's parent, who might not get a dividend this

quarter in the event of a strike. Not that anyone was expecting a payout in the first place — shareholders have not seen a dividend from the company since 1980.

"The true economic loss to society is much too small to provide an explanation for Clinton's intervention," said Clifford Winston, an economist at the Brookings Institution who has written extensively about the airline industry. "It's ridiculous."

Perhaps the Transportation Department heard so

The Government's official estimate was \$200 million a day. But more than money was at stake.

few challenges to its estimates of dollars lost and passengers stranded because its figures felt right, considering the outsized attention and interest the airline industry generates.

The airline business has become a kind of national spectator sport: roughly nine major teams with distinctive uniforms and personalities that often reflect the forceful characters of their head coaches, like Robert L. Crandall, the chief executive at American.

Few businesses can offer the kind of entertaining highlight film like that of the pilots' strike chairman, Matthew Field, on CNN announcing Operation Fire at Will: "What I do now, I do without reservation or hesitation. What I do now is for the pilots of American

Airlines and their families. What I do now is for all professional aviators."

And the crowd cheers when fares go on sale. Then, like true New York sports fans, travelers immediately start grumbling — there's no real deal here, it's impossible to get through to book a flight.

This is an industry that all Americans think they understand, so they can play armchair quarterback on what's wrong with it and how to fix it.

"Once you've been a passenger, you've been knighted as a pundit," said David A. Swierenga, chief economist at the Air Transport Association, the major airlines' trade group.

Mr. Clinton has not flown on a commercial flight for some time, but he too knows something about voters' interest in the airline industry. He scored several political points in 1993, for example, by nudging American and its flight attendants to settle their dispute and get thousands of travelers home for Thanksgiving.

Clinton's Calculation

He also learned an important lesson earlier that year, after he parked Air Force One on the tarmac at Los Angeles International Airport to get his hair trimmed. Although airport records later showed that not a single flight was delayed, it was widely reported at the time that several airplanes were held up as his stylist combed and clipped, turning Mr. Clinton's haircut into a public relations buzzcut.

Since then, the President has made a big effort to improve his image and his poll numbers. So even if the Transportation Department's math isn't solid, Mr. Clinton's calculations are: 9,300 American Airlines pilots versus thousands of stranded passengers and millions of armchair quarterbacks. No contest.

Out of Sight . . .

Giving Terror the Silent Treatment

By ELAINE SCIOLINO

DO terrorists lose the power to terrorize when they fade from public view?

By definition, terrorists manipulate the public, usually with acts of outrage. So it stands to reason that they seek a high public profile. Italy's Red Brigades, for example, regularly issued their ponderous communiqués on Wednesdays and Saturdays to get the maximum play in Italy's newspapers, which are fattest on Thursdays and Sundays.

Governments, on the other hand, have long struggled to deprive the terrorist of center stage. Probably the best example in a long time is that of Mousa Mohammed Abu Marzook, the wealthy Palestinian businessman whom Israel and the Americans describe as the leader of the Palestinian movement Hamas.

Having been arrested in the United States, and having now fought for a year and a half against extradition to Israel to face terror charges, Mr. Abu Marzook has suddenly decided that he can no longer bear solitary confinement in a Federal lockup in Manhattan. So last month he called the Israelis' bluff and dared them to extradite him.

That created a conundrum. Mr. Abu Marzook is getting a lot less attention languishing in an American jail than he would get if he were on trial in Israel. And Israel, in the last year and a half, has begun to take a considerably different view of the threat posed by Mr. Abu Marzook's associates in Hamas, who have been marginalized — at least for now — by a peace process moving forward without them.

Hamas, indeed, has been quiet ever since its terrorist bombings last March left scores of Israelis dead, and Prime Minister Benjamin Netanyahu doesn't want to stir up trouble with a dramatic trial of Mr. Abu Marzook. Neither does Yasir Arafat, the Palestinian leader, who has asked the United States to keep Mr. Abu Marzook away.



Mousa Mohammed Abu Marzook in a visitor room in jail.

Complicating any prosecution is the absence of hard evidence definitively linking Mr. Abu Marzook to a specific terrorist act, though he funneled huge sums of money to Hamas and ran its Politburo.

So the United States, Israel and Jordan are negotiating a deal that could allow him to take up residence in Jordan or perhaps elsewhere in exchange for his promise to stay out of politics — in other words, to keep the same low profile that seems to have made him so frustrated in New York.

President Clinton and Mr. Netanyahu are so determined to play down the importance of Mr. Abu Marzook that they claimed his status never even came up in their meeting in the Oval Office several days ago. The low-key approach is a stark contrast to the denunciations Mr. Clinton issued 11 months ago, at a 29-country anti-

terrorism summit convened in Egypt in the wake of the Hamas bombings. But perhaps all that has changed is how much attention the Israelis and Americans want to focus on Hamas. They still seem determined to cut its funding; that is why Mr. Abu Marzook was arrested in the first place. But they also now seem disposed to ignore Hamas publicly, on the theory that denouncing it gives it what it wants most: attention.

As for Mr. Netanyahu, it is hard to believe this is the man who became a fixture on American television in the 1980's with his absolutist stand on never negotiating with terrorists.

That, however, was when he was a spokesman and critic, not a leader. Now, as Prime Minister, Mr. Netanyahu does not want to risk another terrorist war by putting a Hamas leader on trial just weeks after Israel and the Palestinians finalized an agreement over the governing of Hebron.

"To some extent terrorists have the power we grant them — if we give them our attention, if our political choices are hostage to them," said the Middle East expert Fouad Ajami, of Johns Hopkins University's School of Advanced International Studies. "Netanyahu doesn't want to look into the darkness again. Arafat doesn't want to be seen as the enforcer of Israel's policies. The terror trail ends not with a bang but with a whimper."

In Peru, President Alberto Fujimori also has been struggling for more than two months with how best to marginalize the Cuban-inspired guerrillas holding scores of diplomats and Peruvian officials hostage in the Japanese ambassador's mansion in Lima. He has refused to meet the guerrillas' demands to release their comrades from prison. His decision to replace the officials who are held hostage signaled everyone not to expect a quick resolution of the crisis.

But he has been willing to negotiate the guerrillas' safe passage out of Peru to a third country — if they release their hostages. It is not unlike what the Israelis are willing to give Mr. Abu Marzook.

The Rehabilitation of Morning in America

Continued From Page 1

national outlook."

The shift in expectations began in the 1973 oil crisis, with its gas lines and new sense of vulnerability. Rising fuel prices, the severe mid-1970's recession, Japan's inroads into American markets and high inflation all contributed to what President Carter first characterized in the late 1970's as the "malaise" settling on the country.

Resisting such pessimism, Americans elected Ronald Reagan, with his morning-in-America message. But the onslaught continued. The 1981-82 recession was the worst downturn since the Depression. Heavy manufacturing was devastated, the layoffs massive. The air traffic controllers' strike marked an accelerating deterioration of union bargaining power. Mergers and downsizing made job insecurity commonplace. And wage inequality became, in the 1980's, a national characteristic as the less skilled, less educated lost ground to the college trained. Even the skilled often found themselves falling behind sometimes.

Redistribution

"We have redistributed an incredible amount of income and wealth without managing to raise the living standards of most Americans," said Lawrence Mishel, an economist at the Economic Policy Institute.

Without challenging that statement, Robert M. Solow, the Nobel laureate in economics, said that the American economy has turned out to be the best in the industrial world and that has offered breathing space to solve the nation's problems. "There is plenty of trouble at the bottom," he said, "but you don't have to worry about the Titanic going down. There isn't an iceberg. You have plenty of time to fix the deck chairs."

If they are very broken. Neither Mr. Mack nor Mr. Moynihan, leaders in Congress on economic issues, thinks they are. For Mr. Mack, the 1980's were years of robust economic growth, unrecognized by the Democrats until now. And for Mr. Moynihan, the groundwork laid in the 1980's and 1990's is paying off. "There is a reward for good behavior," he said, "but perceptions lag. It takes time for a culture that was deeply pessimistic about the future and deeply anxious about the present during the cold war to come out of that."

The main misperceptions, in the eyes of the revisionists, involve productivity and wages. Steady improvements in productivity, or output per worker, are essential for

robust economic growth. The Government's productivity statistics, however, say the improvement has been anemic — a finding most economists endorse and most revisionists reject. How can the data be accurate, says Mr. Jasinowski, when corporate America is performing so well? "It is hard to find an industry," he said, "where we are not equal to or better than our competitors."

The other misperception involves wages and salaries. By most measures — family income and hourly earnings, for example — they stopped rising in the early 1970's, except for brief spurts upward in the late 1980's and again very recently. But measuring incomes involves measuring inflation. Stagnant wages in the national statistics mean wages have failed to rise faster than inflation. A 3 percent raise today comes out zero, once statisticians subtract the current annual inflation rate of 3 percent, according to the Consumer Price Index. But inflation is overstated, many revisionists insist, and as Exhibit A they cite the recent report of a commission of economists appointed by the Senate Finance Committee, mostly at Mr. Moynihan's instigation.

The commission concluded that the C.P.I. has been overstating inflation by 1.1 percentage points — that the real annual inflation rate today, for example, is not 3 percent but 1.9 percent, which means the 3 percent raise represents not stagnation but a 1.1 percent increase, and since 1973 such gains have gone unrecorded. Accepting that conclusion means accepting a more subjective standard of measuring the cost of living.

Better Every Day

What the statistics fail to reflect sufficiently are quality improvements, the commission concluded. An automaker adds \$50 to a car's price to cover the cost of a better anti-rust paint. That extra cost should not have counted as a rise in the inflation rate, or at least not as much of a rise as the Bureau of Labor Statistics calculates when it tites up the Consumer Price Index. Indeed, Americans for 20 years have been enjoying better cars, better medical care, fancier houses and more powerful computers, never realizing, the revisionists argue, that their living standards were rising.

But that raises the income inequality problem again, says Joel Popkin, a former chief of the bureau's C.P.I. division. "We have to consider," he said, "that, while the quality of goods and services may be rising, this new living standard is beyond the reach of an increasing proportion of Americans."

The World

The Communist Dynasty Had Its Run. Now What?

Continued From Page 1

Franco's Spain. The problem is that Market-Leninism seems to be an inherently unstable concept, for the market eats away at the Leninism.

It may seem odd to speak of China's leaders today as emperors, but that historical lens is probably the most useful in explaining their behavior. China's Communists initially rebelled against history, but they soon fell into traditional patterns, and Mr. Deng's role could not possibly be explained by his formal positions. At their peak he was Deputy Prime Minister, and for the last seven years he held no title loftier than Honorary Chairman of the China Bridge Association. In fact, of course, he was Emperor, and it was a title he could not have given up had he wanted to.

Throughout history, Chinese have noted a "dynastic cycle." The first emperor is a strong-willed general or peasant rebel who seizes power and imposes far-reaching changes, but he is followed by rulers who are steadily weaker. The dynasty's moral authority sags under the burden of taxes, corruption and ineptitude, and a new leader emerges to found a new dynasty.

A 'Melon-Head'

Mao was a classic dynastic founder, and Mr. Deng was a strong ruler too. But Jiang Zemin, the stocky, bespectacled and totally uncharismatic "weather vane" whom Mr. Deng picked in 1989 to be the next emperor, is almost immediately recognizable as the kind of emperor who belongs at the tail end of a dynastic cycle — if he becomes any kind of emperor at all.

Prime Minister Li Peng is even less the type to inspire the Mandate of Heaven. Intensely unpopular and widely ridiculed for his authoritarian and awkward style, denounced even by his mother, he is a lightning-rod for jokes about the regime. In one, a worker is arrested for shouting "Li Peng is a melon-head" and is sentenced to 20 years in prison — 5 for counter-revolutionary crimes and 15 for revealing state secrets.

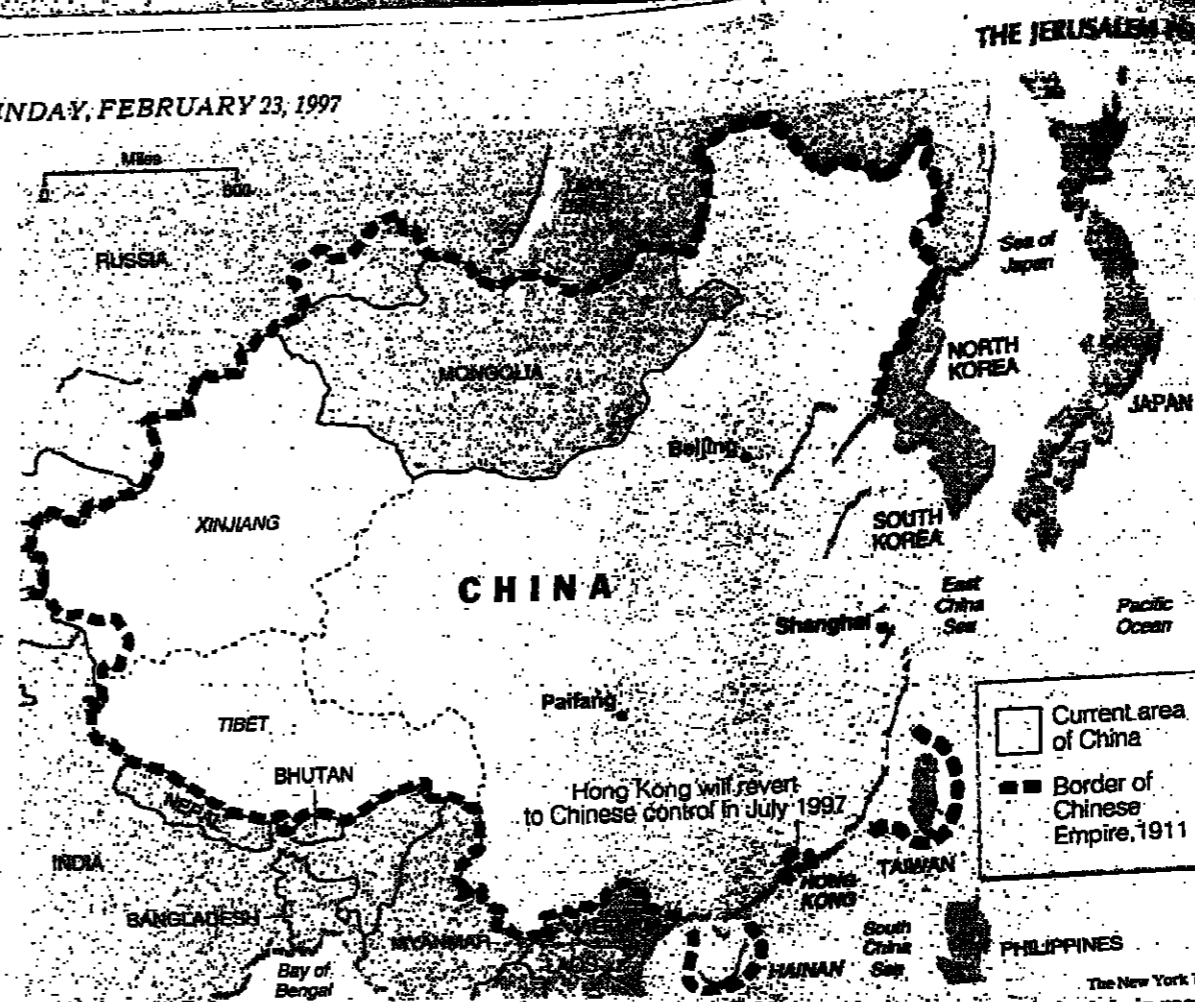
Mao was an avid reader of history and was acutely aware of the problem of the dynastic cycle. In July 1946, when he was still a gaunt guerrilla leader, he was visited by Huang Yanpei, a prominent scholar, who noted: "Dynasties begin with a surge of vigor, and then decay and disintegrate. Has the Communist Party found a way to break this vicious cycle?" Mao beamed: "We've found a way. It's called democracy."

Perhaps that would have worked, but Mao and Mr. Deng both refused to try real democracy (and, of course, Mao meant proletarian democracy rather than any kind of Western approach). It is a great pity, because in China the Communist Party was unusually compatible with democracy, for the simple reason that the party was much more popular with ordinary people than in most Communist countries. In Poland, the party would have lost a plebiscite. But in China, the Communist Party could have counted on the peasantry and perhaps won a free multi-party election. Even today, it perhaps could.

Mr. Deng had broad legitimacy, especially in the early 1980's, because of his decades organizing the Communist revolution and his later years freeing the economy. But Mr. Jiang lacks that kind of legitimacy, and there is no legitimating institution or mechanism, such as elections, to grant him that authority.

Among the greatest burdens for the Communist Dynasty in sustaining its legitimacy is the still-reverberating memory of the Tiananmen killings of 1989. It is a bit odd that the Communists should have caused the deaths of some 30 million peasants in the late 1950's and early 1960's, in a great Mao-made famine, and yet the killing of several hundred students should be a greater blot on the party's legitimacy. Yet one of the lessons of Chinese history is that a ruler can kill peasants to his heart's content, but tangles with students at his peril.

China's basic principles aren't Marxist-Leninist any longer. This is Market-Leninism. And the market is eating away at the Leninism.



Deng Xiaoping in 1979.

Even Mr. Deng's family members had their regrets about the Tiananmen killings, for his children told their friends that their father had nothing to do with the massacre. Few people believe that, and almost everyone expects China at some point to face the killings anew.

When Mr. Deng became Emperor, his approach was to try to evade his responsibility for the Cultural Revolution by putting the blame on the "Gang of Four" and sending them to prison. In one sense it was ludicrous to say that these four hard-liners did everything. But as a political gesture it helped distance him and the Communist Party from the Cultural Revolution. Remembering that example, some new aspiring emperor might try making Mr. Li the scapegoat for Tiananmen.

So what will the next dynasty be like? The bleakest possibility is national fragmentation, even civil war, for that has occurred periodically in Chinese history. But that also seems an extremely remote possibility. In Tibet and Xinjiang, local people may mount insurrections against Chinese rule, but that is difficult to imagine in the main part of China. The Cantonese in the south, who prospered in the Deng era, may complain all the time about the incompetent and corrupt weasels in the north, but it is almost unimaginable that they would shed their blood to break the pole.

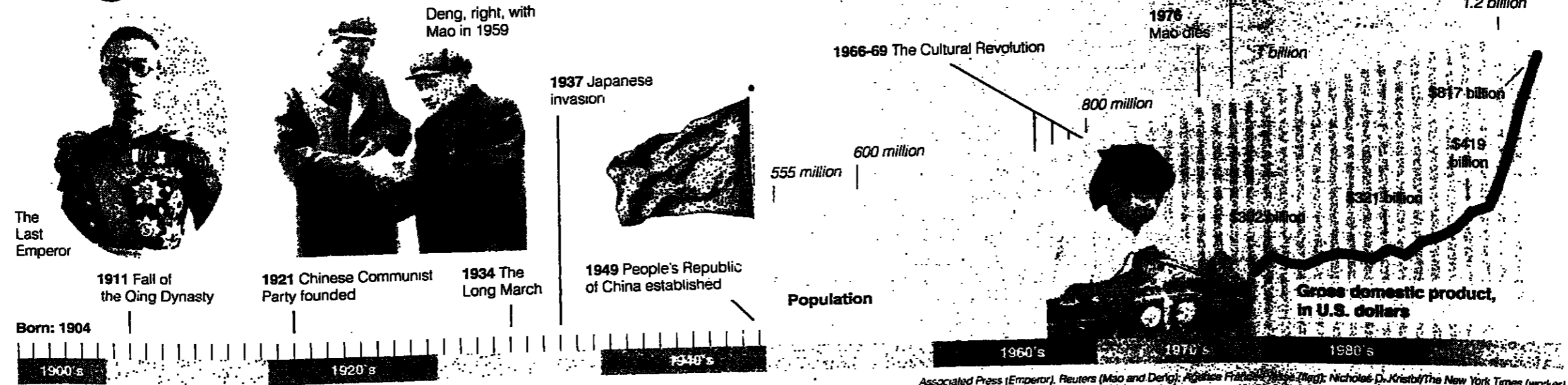
Most Likely

Another possibility is a military coup, for with Mr. Deng's passing it is now the People's Liberation Army that holds ultimate power. Often in developing countries the position of a powerful leader has been followed by a coup, and Mr. Jiang seems very aware of the risks.

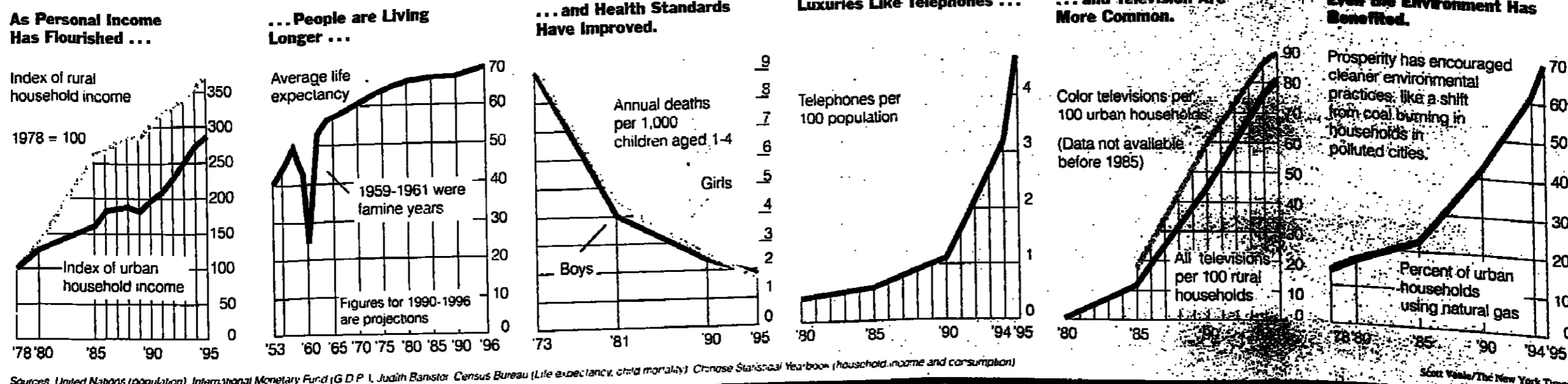
The other possibility, perhaps the most likely, is the kind of gradual evolution that occurred in Spain, South Korea and Chile. It may be slower yet, and there may even be new massacres ahead, but the "second revolution" that Mr. Deng instigated is creating the middle class and rising income and education levels that in other countries have been associated eventually with growing pluralism, tolerance and even democracy. China already has economic and cultural pluralism, and political pluralism may gradually emerge as well.

The dynasty most like the Communist one in Chinese history was the Qin, founded in 221 B.C. by a ruthless emperor, much like Mao. The first Qin emperor unified China, created the Great Wall, and modernized the country in hundreds of ways, yet he also burned books and buried scholars alive. His dynasty was very short, ending soon after his death, but it laid the basis for its successor, the Han Dynasty, a golden era of Chinese history. In the same way, the Communist Dynasty may be short-lived, for it has been unable to respond to the yearnings for political participation that its economic revolution engendered. Yet the Communist Dynasty has laid a framework — by unifying the country, distributing land to the peasants, emancipating women, and educating the labor force — for what could be an extraordinary dynasty in the years ahead.

Deng Xiaoping: Recalling an Eventful Life ...



... That Culminated in an Economic Revolution



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ECONOMY

A Shaken Prudential Aims to Expand Past Insurance

By JOSEPH B. TREASTER

ADA AND BILL WELLS had been loyal customers of the Prudential Insurance Company of America for most of their lives. But at a time when they were settling into retirement and thinking of cutting back on their life insurance, a Prudential agent saddled them with a new policy that he promised would virtually pay for itself.

After a few years, they said, they discovered that they had been deceived by the agent, who had arranged a loan to pay for the new policy. Facing rising debt on the loan and annual premiums of \$1,800 — several times what they had been paying — the Welleses, of New York City, joined legions of aggrieved Prudential customers, taking legal action against the insurer that once possessed one of the most trusted names in corporate America.

This costly dispute, involving nearly 11 million policies, is merely the latest woe for a company that has been bombarded by calamities in recent years and was finally forced to put an outsider in charge for the first time since it was founded more than 120 years ago.

For two years, Arthur F. Ryan, an outsider recruited from Chase Manhattan Bank, has been struggling to turn the Newark, N.J.-based company around after a loss in 1994 of more than \$900 million. Not only is he trying to restore Prudential's reputation, but he faces an even greater challenge in bringing cohesion to a jumbled empire that once seemed to resemble nothing so much as the warring fiefs of medieval Europe.

Though revenues have been flat for two years at about \$30 billion, Mr. Ryan has put Prudential back in the black through cost-cutting and profitable sales of securities and other assets. Earnings for 1996 are estimated at roughly \$1 billion, up from \$478 million in 1995.

But whether Mr. Ryan, 54, can improve operating performance and restore prosperity to the nation's largest insurer, with almost 50 million customers and nearly \$180 billion in assets, remains in doubt.

More than half of Prudential's businesses — from life insurance to corporate health care, from home-owner insurance to pension investments — are being sold to other companies.

the company another notch and other agencies are contemplating additional downgrades.

While Prudential's ratings are still at the high end of the scale, they provide an unflattering comparison with competitors like John Hancock, Northwestern Mutual and New York Life, which remain at the absolute top, and sales of insurance and pension plans have suffered. Moreover, each tick downward has meant a tick upward in the cost of borrowing.

But Mr. Ryan knew what he was in for at Prudential, and he is pressing ahead. To begin with, he has set up a new way of selling life insurance, largely to guard against the abusive sales tactics that have landed the company in so much trouble. Now, once an agent has talked a customer into a policy, an administrative worker from headquarters must review the policy directly with the client, making sure that he or she understands precisely what is being bought.

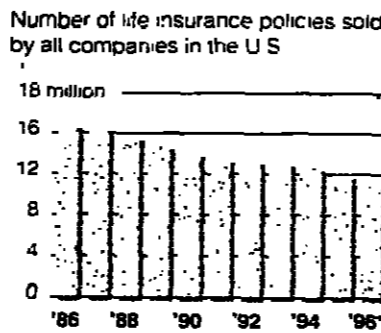
Just as important, the life insurance business, upon which Prudential's image as the Rock of Gibraltar was built, is finally being streamlined. The five regional headquarters that were once proud outposts for the company's centuries have been shut down. Two of those offices are being converted into service centers to handle administrative tasks once done in local offices.

Prudential's central problem stems from the fact that life insurance — while still the largest single part of the company's business — has been steadily losing appeal to Americans far more interested in investing in the booming stock market for a more comfortable retirement than in planning for death.

But that's not all. Its homeowners' division had concentrated too heavily in hurricane zones and was staggered by enormous claims. Its big corporate health care business was being outmaneuvered by more nimble competitors in important markets across the country. And shortly before the insurance complaints began coming to the surface like long-buried land mines, Prudential's securities subsidiary paid \$1.5 billion in fines, compensation and legal costs for misleading clients — many of them elderly, with modest nest eggs — who lost money on high-risk limited partnerships that they could ill afford.

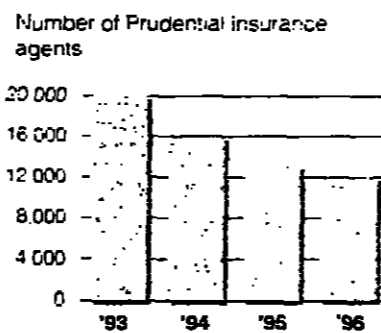
A Little Progress in the Numbers

PRUDENTIAL'S MAIN BUSINESS IS SHRINKING ...

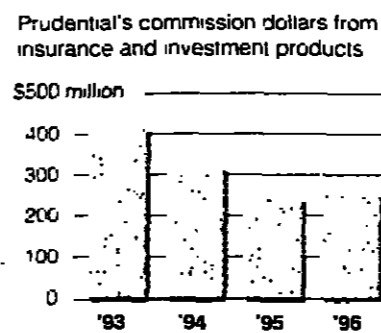


Preliminary estimates

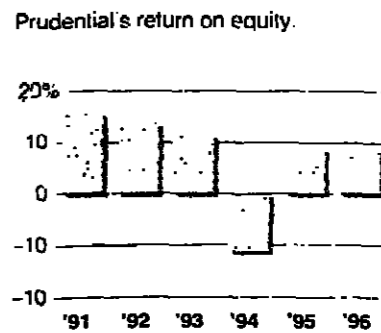
...FORCING IT TO MAKE CUTBACKS.



NOW THE COMPANY HAS HALTED A DECLINE IN COMMISSIONS ...



... LEADING TO SOME IMPROVEMENT IN PERFORMANCE.



Sources: A.M. Best Co., Long Research, Prudential.

in the company auditorium. And he had never had anything to do with insurance. As Prudential's board saw it, he was exactly what the company needed.

“Here was someone with a new approach who could make the reforms,” said William H. Gray 3d, the former Representative from Pennsylvania who is a Prudential board member in addition to heading the United Negro College Fund.

Burton Malkiel, a professor at Princeton University and former member of the President's Council of Economic Advisers, was on the board's search committee. He found Mr. Ryan to be “extremely bright, extremely decisive.”

So Mr. Ryan set to work. No longer, he decreed, was Prudential to be first and foremost a life insurance company, with anything else regarded as a distant afterthought. He had been watching the revolution that had catapulted the Fidelity mutual funds to the top of the heap of the country's money managers and had transformed banks into financial powerhouses again, while seemingly leaving life insurance as something your father recalled with nostalgia.

“I don't want to communicate that insurance is less important,” Mr. Ryan said in a conversation the other day at Prudential's white marble headquarters here, “but that money management is equally important.”

Japanese screen stretching behind him, Mr. Ryan strikes a measured tone, neither glowing nor gloomy. The company is “going through a tough period,” he acknowledged. But he figures he's gaining on the demons. “We're well on our way,” he said.

The company that Mr. Ryan inherited was encrusted in gentlemanly tradition. It was a place where managers received their bonuses whether or not they made their annual goals, and where regular hours and uninterrupted weekends were regarded as an entitlement. “It was a very comfortable place,” one longtime Prudential executive said. “It was also a formal, somewhat stuffy place where the chain of command was rigidly observed and where a saccharine form of corporate circumlocution known as ‘Pru polite’ often left managers wondering what top executives were trying to say.”

Mr. Ryan, of course, wasn't the first at Prudential to identify life insurance as a waning business. The company had already expanded beyond it into about a dozen separate businesses. But instead of operating under a comprehensive strategy, those businesses, as well as the five regional headquarters of the life insurance division, addressed the world on their own terms. It was not only a matter of little central control. Each of the units had its own computer system, its own purchasing system and its own advertising program. They did not share information about their customers, so the company could make the most of each relationship, and all too often one Prudential unit would be elbowing another for the same piece of business.

To Mr. Ryan, the organization looked like “a series of independent silos,” free-wheeling subsidiaries working at cross purposes with fragmented game plans.

Twelve of the 14 executives who report directly to him are new to their jobs. Of the top 150 executives, two-thirds are new. About half were recruited from the outside. The others were longtime Prudential employees who passed the test of the new mission.

In two years, Mr. Ryan has shrunk the work force to 83,000, from about 100,000. In doing so, he has cut deeply into the ranks of the company's notoriously unproductive insurance agents. But with the sales force now at about 12,000, down from roughly 16,000, “the company has also lost some agents it didn't want to lose,” said Larry Mayewski, a senior vice president and analyst at the A.M. Best Company, a rating agency. And with regulators still breathing down its neck, Prudential is not a particularly attractive place for newcomers, either.

Not everyone at Prudential is thrilled with the Ryan way of doing things. But one of the hundreds of specialists working under contract to help transform Prudential said that some of the initial resistance seemed to be fading.

“People are saying,” he explained, “We've had some bad press on the life insurance side. Some of our other units are bleeding. Things are getting tougher out there. Maybe we do need some realignment.” At least on the conceptual level, people are becoming receptive to the idea.

Bob Koehler, a former vice president and head of the company's retiree association, still keeps in touch with colleagues. “A lot of people say Art Ryan is like a breath of fresh air,” Mr. Koehler said, “and they're glad to see him in there.”

Many people who had been trained by Mr. Koehler moved into more prominent positions under Mr. Ryan. “These people were not in senior management, but close to it,” Mr. Koehler said. “They give him the continuity of the old Prudential without being committed to the old ways.”

Still, one recurring conflict, the independent specialist said, is between short- and long-term goals. “They want to get things done quickly to stop the bleeding,” he said. “But sometimes that delays fundamental change that, by its nature, takes longer.”

As an example, he said, the plan for new regional service centers calls for them to be staffed with teams of employees trained to handle several kinds of work. But to get the centers up and running, he said, the company is assigning employees to their old, single-mission roles while planning only later to retrain them to fit the team concept.

Mr. Ryan's solution for most of what ails the health care unit is consolidation. Here was an operation, Mr. Ryan said, with way too many silos. “We had 40 markets in which we operated,” he said, “and all acted relatively independently.”

While imposing uniform operations, Mr. Ryan recognizes that health care is an essentially local business and that to succeed companies need to dominate or at least play leading roles in each market. In markets that Prudential does not have a prayer of dominating, units are being sold, as happened in Boston in mid-January. In others, where the fundamentals look good, Mr. Ryan is shopping for acquisitions. Throughout, Prudential has been shifting from traditional health insurance to managed care and is trying to expand its dental and disability insurance programs.

Because of a heavy concentration of homeowner policies in South Florida, Prudential's property and casualty company was nearly wiped out by Hurricane Andrew in 1992. Claims rose to \$1.3 billion and the operation had to borrow from sister units. Prudential wanted to simply stop selling homeowner insurance in South Florida. But regulators ruled that if the company wanted out of that business it would have to get out of Florida entirely, abandoning its lucrative life insurance business there as well. So to reduce its risk, Prudential began paying a full year of premiums for homeowners willing to sign with another company. These days, Prudential estimates, a hurricane disaster in Florida would cost the company, at most, \$440 million.

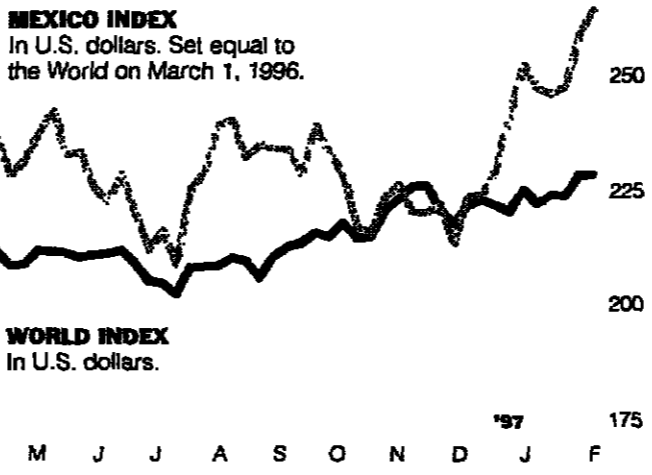
The next milestone in the company's saga of scandal comes tomorrow in Federal District Court in Newark, where teams of lawyers will debate whether a proposed class-action settlement fairly compensates up to 10.7 million policyholders who regulators across the country say may have been misled. Last summer, Prudential paid a fine of \$35 million, imposed by the regulators, and acknowledged that for more than a decade, until 1995, some of its agents had improperly persuaded customers to cash in or borrow against existing policies to buy new, often more expensive ones in a practice often referred to as “churning.” The main beneficiaries were not the customers but the agents, who received additional commissions, and the company, which gained market share and made more money.

Whatever the outcome of the hearing in Newark, the company's worries are far from over. Nearly 20,000 policyholders have refused to go along with the class action and hundreds of individual suits — including one by the Welleses — are being prepared by lawyers or are working their way through the courts. Other suits have been filed by agents who say they were dismissed because they tried to blow the whistle on dishonest insurance sales.

Officials in five states had been campaigning against the class-action settlement. But over the last two weeks, with the payment of \$35.2 million, hours of personal negotiations by Mr. Ryan and an improvement in the provisions for compensation of policyholders, the officials in California, Florida, Massachusetts, Texas and Virginia dropped their objections.

WORLD STOCK MARKETS

Country	IN U.S. DOLLARS					IN LOCAL CURR.				
	Index	Week % Chg.	Week Rank	YTD % Chg.	YTD Rank	Index	Week % Chg.	Week Rank	YTD % Chg.	YTD Rank
Australia	222.05	1.2	8	0.1	21	4.01	189.80	2.1		
Austria	183.27	0.0	14	-3.5	24	1.82	160.30	5.5		
Belgium	230.87	0.3	13	1.4	17	3.26	197.79	10.9		
Brazil	232.08	-1.1	19	-2.4	1	1.36	448.77	23.7		
Britain	261.03	-0.2	15	-0.8	22	3.73	257.32	4.9		
Canada	200.85	-0.9	16	5.8	10	1.86	198.07	5.1		
Denmark	374.94	1.3	7	0.5	9	1.34	327.66	16.0		
Finland	258.16	-1.1	20	5.1	12	1.88	272.89	14.9		
France	218.50	-2.0	26	1.1	18	2.54	193.02	10.6		
Germany	192.01	-1.6	24	1.1	19	1.51	168.01	10.4		
Hong Kong	482.03	2.3	4	-3.0	23	3.18	489.13	-2.9		
Indonesia	245.02	-1.6	25	7.4	8	1.48	358.95	8.5		
Ireland	337.13	-0.9	17	2.5	15	3.12	301.36	10.1		
Italy	90.73	-1.3	21	8.7	6	1.86	112.69	18.9		
Japan	118.45	3.8	2	-8.2	27	0.85	91.95	-2.9		
Malaysia	655.64	1.8	6	8.7	4	1.00	625.72	6.8		
Mexico	1,424.27	-1.9	5	16.8	2	0.91	12,082.50	15.1		
Netherlands	343.50	0.4	12	2.2	16	2.54	296.53	11.7		
New Zealand	37.84	-1.4	22	-4.3	26	4.21	67.14	-2.6		
Norway	321.23	2.5	3	6.7	5	1.97	292.87	14.3		
Philippines	204.91	-1.5	23	0.6	20	0.64	269.00	0.8		
Singapore	437.37	-2.4	28	4.2	13	0.96	287.01	6.1		
South Africa	361.62	0.5	10	13.6	3	2.34	354.29	8.8		
Spain	211.60	-2.2	27	-3.7	25	2.75	228.80	5.6		
Sweden	434.01	0.5	11	2.9	14	2.12	475.10	11.4		
Switzerland	250.94	0.9	9	5.2	11	1.28	228.09	-4.8		
Thailand	88.40	12.2	1	-8.8	28	3.92	88.98	-14.8		
United States	325.66	-0.9	18	7.9	7	1.84	325.66	7.9		



Prepared by Goldman, Sachs & Co. using data derived from the Financial Times/Standard & Poor's Actuaries World Indices, a measure of stock market performance. The FT indices are compiled jointly by The Financial Times Limited, Goldman, Sachs & Co. and Standard & Poor's, in conjunction with the Institute of Actuaries and Faculty of Actuaries.

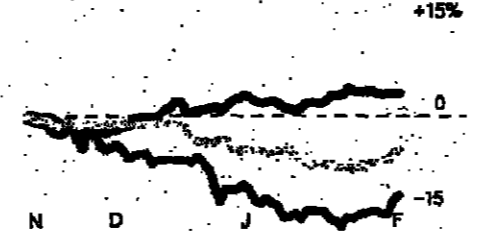
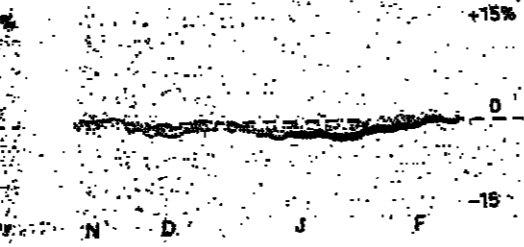
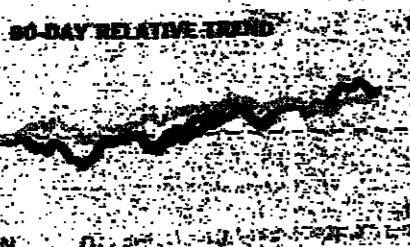
Exchange rates	CURRENCIES			
	Friday	Last Friday	Week % Chg.	Year Ago
Japanese yen to the U.S. dollar	123.28	124.22	-0.75	104.90
German marks to the U.S. dollar	1.6887	1.6885	+0.01	1.4476
Canadian dollars to the U.S. dollar	1.3639	1.3488	+1.11	1.3760
U.S. dollars to the British pound	1.6172	1.6221	-0.30	1.5398

Source: Bloomberg Financial Markets, exchange rates as of Friday's New York close

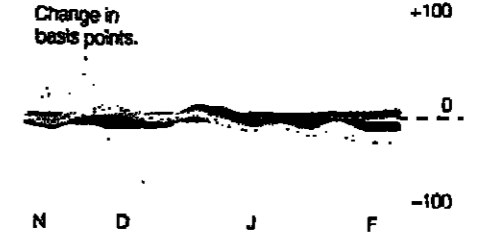
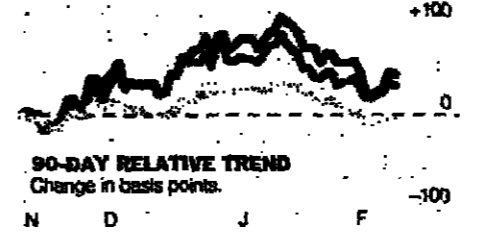
Feb. 17-21: A Slight Setback for the Stock Market

DOMESTIC EQUITIES		DOMESTIC BONDS		AROUND THE WORLD	
Broad market	Down 0.83%	Treasuries	Down 0.42%	European stocks	Down 0.50%
S. & P. 500 index	801.76	Ryan Labs. Total Return	196.51	F.T.-Actuaries Europe	242.74
Blue chips	Down 0.82%	Municipals	Down 0.11%	Asian stocks	Up 3.12%
Dow 30 industrials	6,931.82	Bond Buyer index	118.37	F.T.-Actuaries Pacific Basin	139.78
Small capitalization	Down 0.75%	Corporates	Down 0.46%	Gold	Up 2.13%
Russell 2000 index	368.37	Merrill Lynch Master index	859.09	New York cash price	\$354.10

OTHER INVESTMENTS	
Long bonds	6.64%
30-year Treasuries	Up 11 basis pts.
Notes	5.82%
2-year Treasuries	Up 7 basis pts.
Municipals	5.68%
Bond Buyer index	Up 3 basis pts.
Money market funds	4.81%
Money market average	Unchanged
Bank C.D.'s	5.06%
1-year small savers	Up 1 basis pt.
Stocks	1.88%
S. & P. 500 dividend yield	Up 1 b.p.



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Call the Law

Is there a Justice Department equivalent of police radio? If so, it is time for the dispatcher to broadcast something like this: Calling the Attorney General! Calling the Attorney General! A Federal law enforcement official is needed at the Executive Mansion. That location is about 1,200 yards from your office and can be identified by the presence of tourists, Democratic National Committee employees and strangers bearing gifts.

It can be argued, of course, that the tinnitulating outrages of President Clinton's fund-raising are no joking matter. But a burst of horrified amusement still seems a defensible response to the events of the past week, when we learned that the White House has been crawling for the last four years with salaried D.N.C. employees and that John Huang may be bargaining for immunity before he will explain his marvelous talent for turning Asian businessmen into Clinton donors.

On this Sunday, as on last Sunday, we start our review of these events by pondering the whereabouts of the nation's Attorney General, Janet Reno. We hate to be repetitious, but General Reno's insistence that she is waiting for "credible evidence" before appointing an independent counsel has now reached the point of mindlessness. By the standards that applied in the Carter, Reagan and Bush Administrations, the threshold for appointing an independent counsel has been reached and passed. If she will but look, Ms. Reno will see a pervasive pattern of reckless behavior and an array of suspicious incidents that cry out for an independent counsel.

It is possible, of course, that no Federal bribery or conflict-of-interest laws have been broken, but any common-sense observer has to be impressed with the utter recklessness of the Clinton and D.N.C. fund-raising operations. The NBC News report that D.N.C. staff members have been working inside the White House for the last four years is the latest proof of that recklessness. For decades, both Republican and Democratic Presidents have observed a general protocol of separation between the Presidency and party activities. But it seems that no real compartmentalization ever existed in the Clinton Administration. Indeed, the NBC report established that some of these D.N.C. employees had access to White House computers and worked directly for such high-ranking figures as Alexis Herman, whose Office of Public Liaison was already suspected of

coordinating White House invitations with D.N.C. fund-raising.

The activity fits a pattern. A number of undisputed journalistic accounts have shown that well before the election, Mr. Clinton and his deputy chief of staff, Harold Ickes, were planning how to raise and spend the television advertising money needed to rebuild Mr. Clinton's approval rating. There are laws restricting such fund-raising and limiting the political activities of Government employees. One of the issues before an independent counsel or Justice's public integrity section will be whether Mr. Ickes, while on the Federal payroll, and at the President's direction, was the de facto director of the campaign's organizational and financial arms.

Presidents and their White House aides are inevitably involved in campaign planning. But by openly bartering Presidential invitations for political contributions, and by relentlessly mixing the official and the political, this Administration has gone so far beyond the normal rules of political behavior and the traditional interpretation of Federal law that even so dogged a Democrat as Pat Moynihan has now concluded that the matter is too sensitive for handling by the investigators who report to Ms. Reno.

So far, the Attorney General seems to have relied on the coincidence theory to delay her appointment of an independent counsel. In other words, it is still officially regarded as a coincidence, rather than a provable and possibly illegal quid pro quo, that John Huang's campaign donors got meetings with Mr. Clinton or policy discussions from his Administration. Mr. Huang's decision to invoke the Fifth Amendment rather than give requested documents to Congress severely wounded the coincidence theory. So did the report in The Washington Post that Rawlin Soberano, a vice president of the Asian-American Business Roundtable, has accused Mr. Huang of asking him to launder contributions.

From President Clinton right down to the lowliest D.N.C.-paid "volunteer," this outfit raised money as if there were no rules. Maybe they were lucky or smart enough to have stayed inside the laws governing bribery and political activities by Federal employees. But there are so many indications to the contrary that only an independent counsel can deliver a judgment that the public will trust.

The Mexican Drug Scandal

The arrest on drug trafficking charges of the general who led Mexico's antinarcotics program is shocking evidence of how difficult it will be to stem the flow of drugs from abroad. Just two months ago America's top drug fighter, Gen. Barry McCaffrey, praised his newly appointed Mexican counterpart, Gen. Jesús Gutiérrez Rebollo, as a man of "unquestioned integrity." Now General Gutiérrez stands accused of accepting bribes from and collaborating with leading Mexican drug traffickers. His reputation for integrity had stemmed from his crack-downs on the drug trade while a regional commander. Now he is suspected of ignoring his favored traffickers and moving only against their rivals.

The scandal raises questions about a key premise of antinarcotics policy in Mexico — namely, that its military would be more immune to corruption than the already corrupted civilian narcotics agencies. It also raises the frightening possibility that General Gutiérrez, who received high-level briefings in Washington, has already disclosed strategies and secret informants to his alleged drug lord patrons.

President Clinton must decide, by March 1, whether to certify that Mexico and other nations are

cooperating with U.S. anti-drug efforts. He can either grant full certification, deny certification or allow certification based on "vital national interests" even if antinarcotics cooperation is less than full. Nations that are not certified lose most forms of economic assistance (except for counternarcotics aid) and Washington must vote against loans to these nations from international institutions. Last year six countries were decertified: Myanmar, Afghanistan, Nigeria, Iran, Syria and Colombia.

Mexican authorities moved with admirable swiftness to arrest General Gutiérrez. But his arrest is yet more evidence that corruption is affecting even top-level Mexican drug officials and thus preventing Mexico from cooperating fully with the fight against cocaine. An honest assessment would lead President Clinton to withhold full certification from Mexico but grant instead a waiver on "vital national interest" grounds. That would acknowledge Mexico's less-than-full cooperation in the fight against drugs while continuing to recognize Mexico as an important ally whose economic health matters deeply to the United States.

Average Russian Still Fears a Wider NATO

To the Editor:
Strobe Talbott, in his Feb. 18 Op-Ed article making the case for NATO expansion, underestimated public opinion in Russia. Ordinary Russians still view NATO as a military bloc, a potential enemy, unchanged since the days of the cold war. Fifty years of propaganda dies hard.

From the Russian perspective, NATO has done little to dispel its cold-war image. Average Russians do not understand why NATO forces should be introduced into countries from which Russia has removed its troops. They will consider the expansion of NATO an overt threat to their country's national security.

What should the West do to broaden its political and military alliance with Central and Eastern Europe in tandem with supporting Russia's democratic evolution? The one way out may be to conclude a binding agreement that guarantees Russia that NATO troops and nuclear missiles would not be deployed near Russia's border. This would relax the

political tension in the country and give an important victory to the Yeltsin Government over its political opponents.
VLADIMIR RASKIN
Seattle, Feb. 20, 1997

The writer is deputy director of the Moscow Research Center for Human Rights.

To the Editor:

Strobe Talbott (Op-Ed, Feb. 18) makes a number of arguments for growing NATO but doesn't explain why the same arguments can't be used in favor of Russian membership as well. Russians don't have a civil society as stable as those of Czechs and Hungarians, and their military potential is bigger and more worrisome, but it's hard to see how those liabilities are improved by enlisting their top three former allies in a military alliance that pointedly excludes them. No amount of "partner for peace" rhetoric can obscure that fact.

Heaven knows Russians are para-

hold enough without having a good reason to be. Let's expand NATO when we're ready for Russians as allies, not before.
CONN NUGENT
New York, Feb. 18, 1997

To the Editor:

Strobe Talbott's arguments are unlikely to allay Russian fears of NATO expansion ("Russia Has Nothing to Fear," Op-Ed, Feb. 18). If the Clinton Administration's real reason for pursuing NATO expansion were to shore up the Central European economies and encourage democratization, it would be pressuring Western Europe to admit the former East Bloc countries into the European Union. Through trade, lowering of tariffs and integration of economies, the goals Mr. Talbott claims to seek would be attained.

Why do the United States and its European allies not use the E.U. as a training ground in which the newly democratic countries might demonstrate their commitment to free-market institutions? This would help soothe Russian apprehensions. A swift expansion of a military alliance right up to Russian borders will not.
WILLIAM I. FITZGERALD
New Haven, Feb. 18, 1997

The writer is an assistant professor of history at Yale University.

To the Editor:
Strobe Talbott (Op-Ed, Feb. 18) does not offer a convincing reason that NATO expansion will "take advantage of new opportunities," and not simply be another boondoggle costing American taxpayers plenty.

After budget cuts have removed the poorest Americans from welfare relief, will he have us swallow platitudes about NATO's "post-cold war mission" to open its doors to the new democracies? In changing its nature to a more "political" orientation, so as not to offend Russia, is NATO expansion anything other than more European welfare?

Mr. Talbott further states that in their zeal to become NATO members, a "number of Central European states have already accelerated their internal reforms and improved relations with each other." Perhaps offering NATO membership to Serbia, Croatia and Bosnia will help our mission there. And by the way, does a single Op-Ed piece constitute "taking its case to the American people" for the Administration?
WILLIAM FITZGERALD
New York, Feb. 18, 1997

Russian Self-Reliance

To the Editor:
In regard to Thomas L. Friedman's Feb. 16 column, "Europe's Wild Ride":

The argument that NATO expansion will offend Russians and therefore we shouldn't provoke them sounds like appeasement of a misguided kind. A strong but nonaggressive NATO might even help Russia to set its priorities straight, and remind it that it shouldn't even think about following its traditional pattern of expanding to incorporate wealth rather than facing the hard questions of how to build economically on its own. Supporting real democracies in the neighborhood would also send the right message and provide the best example.

There seems to be ample good will toward Russia in the United States, despite its totalitarian past, and thus a good basis on which to build a foreign relationship. But we should not forget and fall back into naive patterns of appeasing the bully.

Just as after World War II we supported both Germany and Israel and worked to overcome the gulf by helping provide each what was necessary, Israel its identity and security and Germany its economic well-being, we should help mend wounds after the cold war by assuring Poland, Hungary and the Czech Republic their security, and help Russia toward economic self-reliance and democracy within a free and friendly world.
VIRGINIA KAUFMANN
Princeton, N.J., Feb. 16, 1997

Isolated Elderly Need Young to Care

To the Editor:

Your Feb. 16 news article on the retirement community in Arizona seeking to evict a couple caring for their 16-year-old grandson focused on a small part of a huge phenomenon: the increased isolation of the elderly.

Unlike the elders of Youngtown, Ariz., the majority of the aged who live in the United States are not alone by choice. Rather, increased longevity combined with fixed incomes, rising rents, dispersed families and physical degeneration has stranded them. In New York City, the 1990 census found more than 350,000 people over 65 living by themselves.

Also unlike the residents of Youngtown, the majority of elderly are starving for the company of the young. Over the past two decades our agency has experienced the greatest increase in demand for its intergenerational programs. The aging population has commenced an explosion that will bring the number of people 80 and older in this country to 48 million in 2050. If we do not encourage our young to value the elderly, who will care for us?

VIVIAN FENSTER EERLICH
New York, Feb. 20, 1997

The writer is executive director of Dorot, a service agency for the aged.

To the Editor:

Re "Mr. Clinton's Challenge on Schools" (editorial, Feb. 18): I am a retiree and a recent widow. My love of



LARA LESTARI

children led me to inquire about a reading program at our local elementary school. I now attend a first grade class two afternoons a week and it is one of the best decisions I have ever made. When I'm removing my coat, children frequently approach me with, "Please help me." The teacher is excellent. She has a tremendous amount of innovative material.

One of the boys expressed his love for me, and a girl told me that she thinks about me all the time! Merely showing interest in these youngsters obtains their trust and interest.
BEATRICE FREUNDLICH
Bronx, Feb. 18, 1997

Don't Remember Deng as Capitalist Apologist

To the Editor:

Your Feb. 20 front-page headline announcing the death of Deng Xiaoping suggested that the Chinese leader "chose capitalism." First, there was no choice. Market reform was forced upon China's leadership as the only means to escape an increasingly stagnant economy. Second, Mr. Deng's insistence upon the development of "Socialism with Chinese characteristics" hardly makes him a harbinger of capitalism.

Whatever is said of him, he would not wish to be remembered as a capitalist apologist. Deng Xiaoping shared a deep distrust of private property with Mikhail S. Gorbachev.

CHRISTOPHER LINGLE
Cleveland, Feb. 20, 1997

The writer is a visiting associate professor in the economics department at Case Western Reserve University.

To the Editor:

Your assessment of Deng Xiaoping's legacy (news articles and editorial, Feb. 20) correctly noted his historic role in opening China to the world and moving it onto the path to modernization. However, you do not give enough attention to the impact Mr. Deng's reforms have had on China's political system.

Take, for example, Mr. Deng's ef-

orts to restore a basic level of institutional norms and rules within the Communist Party. Under Mr. Deng, intraparty power struggles have been more contained than under Mao Zedong's rule. Defeated political opponents were pensioned off generously instead of facing long jail terms or worse. While China's paramount leader, Mr. Deng avoided Mao's dictatorial style and ruled on the basis of consensus rather than personal whim.

Mr. Deng instituted a mandatory retirement system for most senior officials. This has brought fresh blood into the ruling circles. Another reform stipulated a minimum level of education (usually college-level) for Government officials.

Mr. Deng's reforms have reshaped China so that it no longer requires a strong leader. The Deng era has seen a dramatic decentralization of power, an emerging federal system and an embryonic system of checks and balances.

These changes have made China much less vulnerable to political shocks from the center. It is no wonder that for the last 18 years, China enjoyed the most peaceful period in its modern history.

MINKIN PEI
Princeton, N.J., Feb. 20, 1997

The writer is an assistant professor of politics at Princeton University.

Editorial Notebook

Needed: Another 'Wealth'

After a decade of getting, giving is now making news. Unusual donations crop up regularly on page one — a retired laundress in Mississippi (\$150,000 to a university), a secretive New Jersey businessman (\$800 million, given anonymously), an eccentric oilman in Oklahoma (\$22 million, half to the college that expelled him).

Still, looking back, this is not surprising. Epochs marked by gain and greed, by tax breaks, monopoly windfalls and booming stock markets, are followed by something like a moral hangover. The newly rich suffer pricks of guilt and doubt, and hear the summons of posterity, a process often quickened by public relations concerns and the still, quiet voice of a tax accountant.

So it happened a century ago, after Mark Twain's Gilded Age, when fortunes sprouted in rails and steel, department stores and real estate, turning even writers like Twain into entrepreneurs. But as the distance widened between "the cottage of the laborer" and the "palace of the millionaire" — phrases used by Andrew Carnegie — some tycoons began to appreciate the blessings of giving, most strikingly Carnegie himself.

In 1889, Carnegie wrote what is reckoned the most influential magazine article of his era. Titled simply "Wealth," his essay in The North American Review said the really rich should live modestly and without extravagance, provide moderately for those dependent on them, leave little to their male heirs and give the rest away in their own lifetime, doing for their poorer brethren "better than they would or could do for themselves."

The Steel King strove to heed his own advice. Before he died in 1919, his benefactions totaled some \$311 million, or 90 percent of his fortune. He donated \$6,162,622 for the construction of 2,509 libraries in

How Billions Gushed From a Single Essay

English-speaking communities, including 1,412 American cities and towns. The rest went mostly to colleges, special foundations and endowments and for construction in The Hague of a "Temple of Peace," now the seat of the World Court.

Carnegie's philanthropy showed real flair, as one might expect from a Scottish immigrant who, already wealthy in his 30's, wrote in a memorandum to himself that "no idol is more debasing than worship of money." He set graded priorities, awarding first place to founding universities, followed by libraries, medical research and beautifying and preserving parks. Nobody can possibly reckon the benefits, tangible and intangible, of his libraries, the first of which he built in Dumfries, where his father and fellow Scottish weavers once pooled their pennies to buy books.

But it was his oddly paradoxical example that counted for as much as his precepts. This contradictory plutocrat sided with the underdogs whom his company police bashed. He sold steel for cannons but viewed his Hague peace palace as "the most holy building in the world because it has the holiest end in view." He opposed imperialism and favored a British republic.

Carnegie and his gospel shamed or persuaded generations of superrich Americans to divest themselves of billions. Now the moment seems ripe for a new Carnegie, with a fresh gospel of giving. A likely candidate is the Hungarian-born financier George Soros. Another is Ted Turner, who has proposed publishing lists of those who give the most. But nobody has touched the country's imagination, and conscience, with anything like Carnegie's eloquent exhortation. The new philanthropy is a cause still in search of a manifesto.
KARL E. MEYER

Mrs. Harriman Broke Down the Barriers to Women in Politics

To the Editor:

Maureen Dowd's dismissal of Pamela Harriman's role in politics, and especially the women's movement, is unfair (column, Feb. 16). Mrs. Harriman was as important a symbol of women's unique accomplishments as was the astronaut Sally Ride. Both were unconventional, competed openly with men and survived. They not only succeeded but told decades of girls and women that nothing was impossible.

This is no defense of Mrs. Harriman's life style, but simply an acknowledgment of her life. Without her energies, the Democratic Party of the 1980's would have been moribund. She opened her home to women running for office before either party acknowledged the potential of women candidates. She debunked all of the silly myths about feminists — she was funny, flirty and fashionable to the end. She gave as good as she got, and deserves a less de-

meaning epitaph from a columnist who has benefited because Pamela Harriman broke down the barriers.

PATRICIA BLAU REUSS
Washington, Feb. 20, 1997

The writer is senior policy analyst for the NOW Legal Defense and Education Fund.

To the Editor:

There are people who strive to pave a better way for themselves to serve others. And there are those who merely get their way to serve themselves. Maureen Dowd has drawn that distinction between the life works of

Katharine Graham and Pamela Harriman (column, Feb. 16).

I am sure there is more to Mrs. Harriman's life than meets the eyes of the eye-roller who Ms. Dowd reports were at her funeral. But in Mrs. Harriman, to whom I am not related, we find the "grit, intelligence and hard work" that are the rare elements of character that serve as inspiration.
ANN B. GRAHAM
Edgartown, Mass., Feb. 17, 1997

Micro-Loans for Future

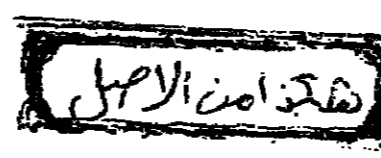
To the Editor:
Micro-enterprise, the granting of small loans to poor entrepreneurs in the third world, has been the salvation of millions of women and their children, but you are correct to remind us of its limits ("Micro-Loans for the Very Poor," editorial, Feb. 16). Let me add another limit, voiced at the Beijing Conference on Women, by women who had themselves been beneficiaries of these loans.

Micro-enterprises are usually based on old-fashioned technology; they do nothing to prepare these entrepreneurs for the 21st century. Perhaps this is beside the point in rural Bangladesh, but it is very much to the point in Washington and Chicago.
PAMELA MCCORDECK
New York, Feb. 16, 1997

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Foreign Affairs

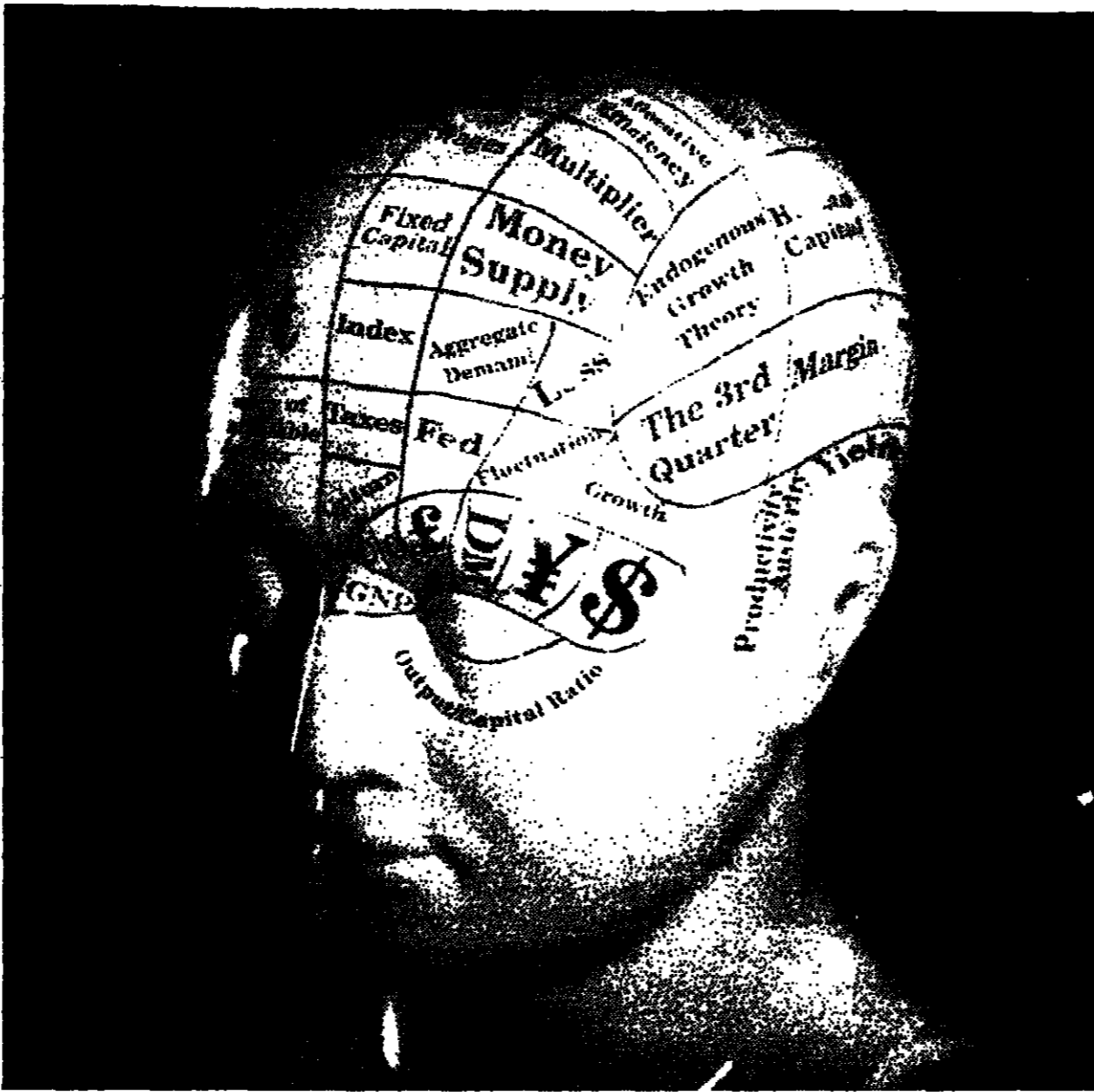
THOMAS L. FRIEDMAN

Bread, Israel, Islam

CASABLANCA, MOROCCO Pay attention to Morocco. Pay close attention. What's going on here today is typical of a troubling chain of events that is unfolding throughout the Arab world and Turkey. It works like this: Pressure to join the global economic forces Arab governments to privatize state industries, to stop guaranteeing college grads a job and to raise bread prices. This restructuring produces huge income gaps. The losers take to the streets or drift toward Islamic fundamentalist organizations. To express their frustration, the losers denounce their government's relations with Israel, because that's the most effective and evocative way to delegitimize the regime for raising bread prices. The rulers respond by distancing themselves from Israel, but don't lower the price of bread. Morocco is the perfect laboratory for this interaction. The Egypt-Israel peace treaty was first conceived in secret talks hosted by Morocco's King Hassan II. But lately, Moroccan-Israeli relations have cooled. Prime Minister Benjamin Netanyahu wanted to visit here after the Hebron deal, as his predecessor's often did, but no invitation was forthcoming because, as one Moroccan official said: "We don't want any political tourism." Although Israeli businessmen still operate openly here, Moroccan officials completely boycotted Israel's National Day celebration, at the still "unofficial" Israeli Embassy here, but they turned out en masse for Iran's. To be sure, Israeli bombings in Lebanon last spring and the controversial Jerusalem tunnel opening last September have soured King Hassan's mood toward Israel, not to mention that of the Moroccan street. But the story goes deeper. King Hassan, in a farsighted move, recently signed an agreement with the European Union that will make Morocco a member of the E.U. free-trade zone over 10 years. This will force Moroccan agriculture and industry to downsize and upgrade to deal with European competition. Unfortunately, Morocco has barely begun preparing for this brutal competition, because the reforms either are too painful or cut against vested interests here. A country with only a 50 percent literacy rate, Morocco still has hundreds of villages without running water or electricity. Those state-owned enterprises that have been privatized are often controlled by the same economic elite, tied to the royal palace.

When economics and the peace process intersect.

that dominated the state monopolies, which is why 3 percent of the population here controls 85 percent of the wealth. Morocco's universities, which uniquely combine the worst of the socialist and French education systems, each year turn out so many graduates who cannot find jobs here, have no entrepreneurial or technical skills and are wholly unprepared for today's information economy that Morocco now has a "Union of Unemployed University Graduates." With Government subsidies and services being cut, the undercurrent of economic disquiet widens. Mohammed Aouf, editor of the centrist al-Mithaq newspaper, remarked to me: "We are now in the phase of the ugliness of the market. People feel they have been dropped by the Government and left to fend for themselves, without any safety net." Arab regimes justified peace with Israel by saying it would lead to investment and huge dividends for Arab society, but as one Islamist here remarked to me: "So the Jews got Israel, but we never got the well-being." Not surprisingly, Morocco's Islamist organizations, which have a strong anti-Israel bent, have taken advantage of this disquiet and are leading the social protests. Islamist-led students, protesting the lack of adequate bus service between the city and King Hassan II University, recently battled police. True, Morocco is still far from being another Algeria, but Islamists now dominate virtually all Moroccan student unions and are spreading into the labor unions and professional associations. In any free election here, they would do very well. King Hassan cannot afford to ignore such sentiments, which is why one well-connected Israeli here mused to me: "Time is not working for us. The Arab leaders who led the peace process are getting old and fragile. They have become risk averse. The Moroccan Government is now in a contest with the Islamists. It has to be careful not to aggravate this phenomenon. It's bad enough they have to crush the Islamists with batons, they don't need to provoke them more by deepening relations with Israel, Israel and Morocco never got married. We were always just engaged. It's been a long engagement, and now I'm not sure we'll ever get married."



J. Sweetser and T. McEvoy. Photo by Sam Kazdan

Keepers of the Dismal Faith

By Alan Ehrenhalt

WASHINGTON Not long ago, in a widely read introductory work on economics, I came upon an extended discussion of why popcorn is expensive at the movies. It turns out that economists have been debating this subject in scholarly journals for more than a quarter century. Many of them have concluded that the common-sense explanation of the problem is wrong. Movie popcorn doesn't cost \$3 a box because the theater owner has a monopoly. It costs that much because people go to the movies in groups, and if a theater started offering cheap popcorn as a come-on, popcorn lovers would try to pull the whole group to that theater, causing dissension. Expensive popcorn is the price of leisure-time social harmony. It's an ingenious theory, but it ignores some common-sense truths. The cost of popcorn is utterly irrelevant to anyone's decision about where to go to the movies. All that really matters is the movie being shown and the location of the theater. To factor in concession prices is to assume an all-purpose calculating mind that moviegoers simply don't possess. What is it about economists, anyway? For the past generation or more, most of us have suspected they are a little eccentric, and much of the time they seem to agree. They have always liked to make jokes about themselves: "Your idea may be fine in practice," the senior professor sneers at his junior colleague. "But it will never work in theory." Economist jokes revolve around a couple of defining characteristics: their love of theoretical assumption and their haughty rejection of common sense. There is nothing economists enjoy more, they will readily admit, than telling the uninitiated that the plain evidence of the senses is wrong. These days they are doing it with a particular vengeance. Ordinary Americans look at their country and note the disappearance of 40 million jobs in the past two decades and conclude that something terribly disruptive has been going on. They see that many of the nation's biggest corporations now do most of their manufacturing in third world countries, and infer that precious livelihoods are fleeing to Thailand and Sri Lanka. The response of many economists is to insist that no such thing is happening, that for every job lost a new one is born, and thus the country does not suffer materially in the transition. (The individuals who are affected materially by this transition are rarely considered relevant.) In the past couple of months, the economic professoriate has been a familiar presence on the country's most influential Op-Ed pages, smacking down the journalists and occasional renegade economists who insist that the evidence of the senses holds some truth. It is not my purpose to intrude on the arcana of the foreign trade debate. What interests me is the argument that the professoriate ultimately seizes upon in its effort to discredit the heretics: They aren't "real" economists. They lack credentials. Worst of all, they don't know the math. "There are... important ideas that are crystal clear if you can stand algebra," a distinguished economist wrote in a typical diatribe a few weeks ago, "and very difficult to grasp if you don't."

Of all the ammunition an economist Alan Ehrenhalt, executive editor of Governing magazine, is the author of "The Lost City: The Forgotten Virtues of Community in America."

How economists outwit common sense.

Market economics is not only a faith; it is an entirely appropriate faith for the generation of thinkers who were born shortly after World War II, went to college in the 1960's and now dominate the public policy discussion in academia and much of government. Market economics enshrines choice and lionizes the individual. Carried to its furthest extreme, it all but suggests that anything the individual really feels like doing can't be wrong. It is a branch of 1960's ideology in formal dress. As the mantra for millions of Americans, perhaps most of a generation, this set of ideas is entitled to some respect. But it need not be taken at face value, and mastery of algebra should not be a prerequisite for discussing it. Market economics is not only a faith; it is an entirely appropriate faith for the generation of thinkers who were born shortly after World War II, went to college in the 1960's and now dominate the public policy discussion in academia and much of government. Market economics enshrines choice and lionizes the individual. Carried to its furthest extreme, it all but suggests that anything the individual really feels like doing can't be wrong. It is a branch of 1960's ideology in formal dress. As the mantra for millions of Americans, perhaps most of a generation, this set of ideas is entitled to some respect. But it need not be taken at face value, and mastery of algebra should not be a prerequisite for discussing it. Market economics is not only a faith; it is an entirely appropriate faith for the generation of thinkers who were born shortly after World War II, went to college in the 1960's and now dominate the public policy discussion in academia and much of government. Market economics enshrines choice and lionizes the individual. Carried to its furthest extreme, it all but suggests that anything the individual really feels like doing can't be wrong. It is a branch of 1960's ideology in formal dress. As the mantra for millions of Americans, perhaps most of a generation, this set of ideas is entitled to some respect. But it need not be taken at face value, and mastery of algebra should not be a prerequisite for discussing it.

Liberties

MAUREEN DOWD

Pitcher in the Rye

The following conversation took place between Harry Evans of Random House and J.D. Salinger. Mr. Evans was on his car phone in Manhattan when he reached the author at his New Hampshire home. The call was taped by a couple at Yaddo who heard it on a scanner that happened to pick up the cellular transmissions. The couple, who care passionately about the impact of publishing on literature, made the tape available to The New York Times. Jerry, Harry Evans here. You're back! It's a bloody miracle. Your first book in 34 years! And we're all the better for it. Everybody at the Four Seasons is beside himself. And the timing, Jerry, pure Rip Van Winkle. To be perfectly frank, old friend, you had taken the Famously Reclusive thing as far as it could go. I know you found publishing a terrible invasion, that you just like to write for yourself. Privacy can be lovely, or so I'm told. Dick Morris — you know Dick, don't you? His book tanked, but I'm sure we can get something going in Hollywood. Anyway, he's right here next to me and he says, good for you and for all that privacy. I remember reading that you once said, "There is a marvelous peace in not publishing." Intriguing concept. But, Jerry, listen. There's a down side to all that peace. It doesn't sell. Tragedy sells. Incest sells. Tawdriness sells. Repressed memories sell. Rotten mothers sell. Besides, you were making Thomas Pynchon look like Jay McInerney. Your act worked too well. Kids today don't even know who you are. They've never heard of "To Catch a Rye." What's that, Dick? Oh, yeah, "The Catcher in the Rye." We don't have adolescent angst any more. We have Jenny McCarthy in her underwear. Anyway, Jerry, a lot has changed since you disappeared into the woods back in '51. It's a whole new book business. The Pope goes on book tour now. The First Lady goes. It's sad, Jerry, but as my wife, Tina Brown, told London TV, America, unlike England, is completely driven by money and commercial concerns. We're not talking the Guinness Book of World Records. We're talking trailer trucks backing up to Barnes & Noble. We're talking TV ads and home shopping networks. We're talking tie-ins — Holden Caulfield baseball caps, Franny and Zooey action figures — and the Web. Dot com. Jerry, dot com. Your own home page. We're talking Oprah's book club and Imus's radio

show and warbling your favorite show tunes on "Rosie O'Donnell." You can't get away with recycling that photo with the crewcut and hound-dog eyes. You have to do "Charlie Rose" now, and we're not letting you put a blue dot over your face. American society has changed, Jerry. They don't prize the strong, silent type any more. They like the weak, chatty type. You've given two interviews in 45 years? Try two interviews in 45 seconds on a press junket. Look, Jerry, fiction is in big trouble. This is the age of the memoir. I got Colin \$6 million. I got Dick \$2.5 million. I got Christopher Reeve \$3 million. People don't have time for fine writing. They're busy, Jerry. They have gorged on a rich diet of celebrity and personality — People magazine and Larry King and Barbara Walters — and now they can't sit still for anything but a scoop or a scandal. Which brings me to the reason for this call. You gave that old New Yorker story to that dinky publisher in Virginia because you wanted everybody to know you were still around. Message delivered. We get it, Jerry. Now get real. If a third-rate story about the Glass family is being hailed as the literary coup of the decade, what would they call a hot Salinger book? You're the last man in America who hasn't cashed in. Join the party, Jerry. America's Most Famous Recluse Reveals All! The J.D. Salinger story by J.D. Salinger as told to J.D. Salinger. From Clearasil to Depends, from the pimply, alienated Holden to the 78-year-old, alienated Jerry. C'mon, even Update let Rabbit grow up. I want to publish it. I want to advance it. I want to sell it. I want to put it on display at a Barneys breakfast. Don't worry. We won't do a panel with Tom Hanks, Ellen Long or Dr. Ruth. It will just be you and Buddy and Seymour. Tina will serialize it. Your old magazine, Jerry, your old magazine. They say I'm a cheap hustler, but don't you believe it. I'm an expensive hustler. Jerry? Jerry? Are you there? Am I losing you or did you hang up? Dick, I think he hung up. JERRY? □

The trouble with Harry.

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FILM

Some Stars Keep Shining, But Most Just Fade to Gray

By PETER M. NICHOLS

ACTORS over 60 seem to be enjoying something of a rejuvenation on screen. At 66, Armin Mueller-Stahl has an Oscar nomination for his performance in "Shine." So does Lauren Bacall, 72, for hers in "The Mirror Has Two Faces." In "Absolute Power," Clint Eastwood, 66, is running them ragged as an older master thief. Last summer, Sean Connery, also 66, led a commando team into Alcatraz in "The Rock." Earlier this winter, Jack Lemmon, 72, and James Garner, 68, galloped cross-country in "My Fellow Americans."

And there are more: Shirley MacLaine, 62, in "The Evening Star," Debbie Reynolds, 64, in "Mother," and of course Walter Matthau, at 76 perhaps the liveliest older actor going. One might even get the impression that the old have at last risen to smite their traditional oppressor: the archetypical 32-year-old studio executive whose notion of the world extends all the way to 25.

But rank-and-file older actors tell a depressingly different story. While occasional roles materialize for the Matthauses and MacLaines, most working older actors find themselves as persona non grata as ever. Some have never seen it so bad. "Our senior performers have all but disappeared from television, and they're practically invisible in feature films," says Richard Masur, 48, president of the Screen Actors Guild and a younger older actor with dozens of credits in films and television. "And I'm not talking about people over 65," he says, "I'm talking about 50." If you're a woman, make that 40.

That state of affairs may seem surprising in an aging population whose dominant segment, the baby boom generation, is already turning 50. Nevertheless, Mr. Masur says, Hollywood feels as free as ever to pursue a young audience that tends to be satisfied with formulaic movies and characters. It is generally left to independent films to create complex older roles like Mr. Mueller-Stahl's in "Shine." Although older actors are understandably loath to discuss the situation on the record, Mr. Masur and his counterparts in the directors' and writers' guilds say that Hollywood is creating virtually no interesting older characters for the average actor to portray. Down in the acting ranks, the aging huddle and hope. "A few men between 50 and 60 are still considered somewhat viable because they're playing heads of cor-

porations, governments, physicians, mentors and the like," Mr. Masur says. After that they, too, find themselves obliged to shuffle off to a no-person zone, as if people of 62 or so cease to exist in any guise anybody might have any interest in.

Women between 50 and 60 are for the most part long gone. "They totally disappear in that age range," Mr. Masur says. "Then they pop up again at about 65 when they've made the transition from being women to being old ladies."

Most galling to women at that age is the fact that their male screen contemporaries can still be found in the company of young women. Witness Gene Hackman, 67, who as President of the United States in "Absolute Power" wrestles with the willowy wife of an elderly tycoon (E. G. Marshall, 86).

On screen, older women are ordinarily deprived of sex, which in the world of Hollywood hinges entirely on looks. "You occasionally see a woman showing up well who is above 50," Mr. Masur says. Goldie Hawn, for example, who is 51, plays sexually appealing women in "Everyone Says I Love You" and "The First Wives Club." So did Ann-Margret, 55, in "Grumpy Old Men" and its sequel. "But the point is that Ann-Margret didn't look 50," Mr. Masur says.

If none of this is new in Hollywood, neither has age bias been quite so pronounced in the view of many older actors. "The business has changed more radically in the last five years," says Hal Holbrook, 72. "It's all gone to youth." A four-time Emmy winner who is perhaps best known for his portrayal of Mark Twain, Mr. Holbrook found his career tailing off in the early 1980's. "My hair was turning gray," he says. "I decided not to color it any more. My former wife told me, 'Holbrook, you're making a big mistake.'"

Currently he is portraying an old man suffering from cancer in a television film being shot in British Columbia. It's not a bad part, he says, and it's more satisfying than the usual run of movie roles coming along. These days, he adds, he usually finds better work in theater than he does on screen.

In the seemingly endless stream of Hollywood action-fodder or, for a change of pace, comedies and dramas involving younger people, he and other older actors find little that is relevant or worthwhile to do on screen. If senior performers could create fulfilling roles for them-

selves, the characters might resemble those played by Mr. Mueller-Stahl as the emotionally brutalizing father of the pianist David Helfgott in "Shine," or the troubled widow portrayed by Gene Rowlands, 66, in "Unhook the Stars." Such characters have abounded in foreign films with stars like Jeanne Moreau (nearing 70) or Marcello Mastroianni (who died in December at age 72).

In Hollywood movies, according to many actors, when an older person does happen to wander onto the scene amid the stunts and car crashes, or for a pat on the silver pate from patronizing young people, it is usually as the victim of abuse, the bumbling laughingstock, the rancorous so-and-so or other cuddily-picknic stereotypes.

"The deadliest thing you fight as an actor in movies and television is that they type you in their mind and they can't see anything else," Mr. Holbrook says. "And to a point they're right; you are what you are. But there are people who are actors — Jason Robards, you know — who have the capacity to alter themselves and play various characterizations. But we don't get much chance. The material isn't there these days."

Rarely in Hollywood movies, or so it is alleged by many senior actors, writers and directors, are older people portrayed with understanding and appreciation. With an aging population in this country, why is that tolerated? It is commonly assumed that older audiences are uncomfortable with the sight of aging people on screen to begin with, especially in films that portray them so narrowly and stupidly, and for this and other reasons avoid going to movies altogether.

Many older film people say that wouldn't be the case if people their age were depicted on screen the same way they function in life. Occasionally fine films come along — "Cocoon" or "The Trip to Bountiful" or "Atlantic City" — that treat the elderly as people with their faculties intact. Otherwise audiences usually seem to be fed buffoons, basket cases and crazy old coots.

It doesn't help that the older population doesn't complain. "Seniors are vocal about things like health care and social security, but almost totally silent about having themselves reflected accurately in the media," Mr. Masur says.

So that leaves the field pretty much to the young. Older actors mention a kind of vicious circle of economics and studio mindset. First, from Madison Avenue to Hollywood it is perceived that "younger" people, from the teens through about 45,

are the ones spending money for specific products in this country. And what is a movie if not a product? Not that older people don't have a lot of money and leisure time to spend, but they aren't regarded as being as targetable.

With movies being made for the young, naturally it's the young who go to the movies. Teen-agers, in fact, often go several times to the same movie, for example Wes Craven's current high school horror film "Scream."

Studios obviously gear up accordingly. "In their view everything has to be written by young writers," says Brad Radnitz, president of the Writers Guild. "For parts you need young actors, and to understand the whole scene you need young directors."

Mr. Radnitz notes that in the old days of the studio system, directors and producers were company men churning out a balanced slate of films with room for all ages. Hollywood films, he says, are now individual projects of the producers, with studios serving merely as packagers and distributors. As for the film makers, he adds: "Each entry says: 'I'm not going to get too many shots here, I have one picture so I'd better make damn sure I make money on it.'"

That doesn't lead to broad-based film making. "Essentially it's an amusement park ride," Mr. Radnitz says. "No one is willing to take a risk. We've catered to the lowest common denominator in demographics, so pictures are for the 12-year-old mentality. That's the market, the kids coming back five and six times and making money for the studios."

Not surprising, many people in Hollywood regard this as a vast oversimplification. "I just don't think it's true at all," says Tom Rothman, president of production of 20th Century Fox. The studio, he points out, plans to release "Out to Sea," with Mr. Matthau and Mr. Lemmon, on May 30 and has several other films coming with solid roles for older actors. "Yes, there is a certain homogeneity in movies," he says, "but the problem is lessening because what you're seeing now is that the more original a picture is, the better it is doing."

Possibly that could be said of several recent independently made films — "The English Patient," "Big



Walter Matthau, left, and Jack Lemmon in "Out to Sea."

Night," "Secrets and Lies," "Breaking the Waves," "Shine" and others — all of which have attracted good critical attention and drawn mature audiences, not to mention most of the top Oscar nominations. But Mr. Rothman says it's also true of mature studio films like "The Crucible," with Mr. Matthau and Mr. Lemmon, on May 30 and has several other films coming with solid roles for older actors. "Yes, there is a certain homogeneity in movies," he says, "but the problem is lessening because what you're seeing now is that the more original a picture is, the better it is doing."

Ms. MacLaine, for one, sees a slightly improving situation, if not a breakout, for older movie characters. "There seems to be more interest in wisdom, in what someone with more experience might have to offer," she says. "They're funnier, they've lived longer, they have more appreciation for contradiction." As for Mr. Mueller-Stahl, recognition has come only recently in this country, and he says he will be glad for whatever comes along. "So you can play characters. They're still with us," he says. "I've been heroes and sons in East Europe and fathers of bad guys in West Europe. Now I'm going to make myself a career as a grandfather in America, which is a great benefit."

As for the tyranny of youth, he may have found another way. Recently he directed his first film. "I got an invitation as a young director for a film festival in Madrid," he says.

Mafia Films: Done to Death?

By BILL RODRIGUEZ

TWO men are discussing murder. They are alone in a Cadillac but not really alone: hanging over them is the spirit of a movie genre that has been done nearly to death.

In the scene being shot, Johnny Depp is playing an undercover F.B.I. agent and Al Pacino the low-level mobster who has unwittingly befriended him. On a sound stage in a Park Slope armory in Brooklyn, under the intense but exhausted eyes of the director Mike Newell, they go over and over their lines, trying to find a way to make the film "Donnie Brasco," which opens on Friday, not sound like just another mob movie.

"Twenty years you know a guy, you whack him out? Just like that?" says a shaken Mr. Depp.

"The man held out. He held out on a coke deal," Mr. Pacino responds. Mr. Depp, as the F.B.I. agent, demands that Mr. Pacino say the name of the old friend he just killed, his voice rising to a scream as the mobster wearily insists that to do so would break "the rules."

The scene had been rewritten many times, the dialogue cut down — and cut down some more — in search of a confrontation terse and real enough to jar the movie out of the genre's usual tracks.

That was part of the challenge that loomed large for Mr. Newell all through the shooting of "Donnie Brasco," a movie based on the real-life story of the F.B.I. agent, Joseph D. Pistone, who infiltrated the mob for six years and wrote about it in his 1988 book, "Donnie Brasco: My Undercover Life in the Mafia." And it's a question facing other movie makers as well: How, 25 years after "The Godfather" opened the modern Mafia movie era, can a director keep a mob movie fresh?

After shooting several versions of the scene at the armory, there was a dinner break. Over a salad, Mr. Newell spoke about how, as an Englishman who directed the comedy "Four Weddings and a Funeral," he could presume to add to the canon of American mob films.

"What was the last really descriptive mob movie?" he asked. "I guess that was 25 years ago; that was 'The Godfather.' There hasn't been a simple piece of straight-line storytelling about the mob since then. You try to make comedies about it or they be-

come heavily overlaid with moral questions, just like those late westerns."

Mr. Newell is not the only one pondering those questions, or the first to hear them. Mario Puzo, who brought his novel "The Godfather" to the screen, has heard talk before about the decline of the mob genre; only the medium was not film.

"I remember when I was trying to sell 'The Godfather,' everybody said, 'Who wants another Mafia book? That was a strike against it,'" Mr. Puzo said.

"The Godfather," now considered to be the gold standard of Mafia films, will be rereleased next month, for its 25th anniversary. How would Mr. Puzo advise Hollywood to keep

Bad guys are on the run — bad news for the tough-guy mystique.

the genre alive? "I would say get good writers," he responded.

Mr. Puzo's latest novel, "The Last Don," will be coming to television during the May sweeps as a six-hour CBS mini-series. Though the title may acknowledge the decline of the Mafia, the writer asserts that compelling and inventive storytelling could continue to keep the subject interesting.

The mystique of the mob is dying out, because so many of them are going to jail," Mr. Puzo said. "The present-day mob, I think, doesn't have enough romance. And they've been overwhelmed by technology from the F.B.I."

Mr. Newell pointed out that when the contemporary mob film was born in the early 1970's, with the first two installments of the "Godfather" trilogy, J. Edgar Hoover had reluctantly acknowledged the existence of the Mafia only a decade before. Continuing the chronology, he noted that Martin Scorsese's "Goodfellas" (1990), about an ambitious gangster, Henry Hill, was emblematic of the yuppie 80's.

Mr. Newell suggested that in the new film the Al Pacino character, Lefty, a constantly broke gambler

whose sleeves get more threadbare as the story progresses, is a gangster for the 90's.

"Now I don't know what the definitive mob movie of the 90's is going to be, but my guess would be that it's got to start to be about exhaustion," he said. "That we are both beginning to be exhausted with the genre — there's not much more to tell — that it may be the case that the Italian mob is beginning finally, really, to run out of steam, both because the F.B.I. has been so successful and also because the mob is now so legitimate, they're so woven into the fabric here that they hardly need to be criminal anymore."

After spending time with organized-crime figures in Brooklyn, Mr. Newell decided to focus his film not on "generalship" but on survival. "They try and make the scores they make, and they try to keep the loan sharking on track and collect on the numbers," he said. "It's grinding daily work. It's 'Death of a Salesman,' this story."

Another writer familiar with the Mafia, Gay Talese, sees enduring attraction in the mob movie, much as there has been in the recurring tales of strong, silent men out West. "The Mafia movie was really an urban western. Its appeal was a kind of justice that isn't recognized in the law," he said. "The mob movie and the western movie both show men in decisive postures."

Mr. Talese's works include "Honour Thy Father," the book about the Bonanno crime family that was made into a television movie of the same name in 1971.

Mr. Talese does not believe that the Mafia genre is exhausted yet. In fact, he feels there is still glamour to be attached to mobsters now, because they seem "heroic, in a perverted sense," in contrast to the F.B.I., which has suffered a tarnished reputation because of such things as the botched siege at Ruby Ridge in Idaho. By that token, Agent Pistone of the F.B.I. serves double duty in "Donnie Brasco": as a make-believe mobster and as a Fed whose testimony brings down numerous organized-crime figures.

"Hollywood could make an anti-crime contribution that the Justice Department hasn't been able to," Mr. Talese joked. "One way to kill the Mafia is to kill the film business." If directors like Mr. Scorsese and actors like Mr. Pacino and Mr. De Niro stopped playing hoodlums, he suggested, "there's the end of organized crime as we know it."

SOUND EFFECTS

By NANCY NICHOLSON JOLINE / EDITED BY WILL SHORTZ

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- 80 Tabula —
- 82 Curtail
- 83 Persiflage
- 84 Easter features — Freudian
- 87 F.D.R.'s Faia, e.g.
- 88 Blini accompaniments
- 90 Forbear
- 92 "The House of the Spirits" author
- 94 Sei halved
- 95 Kurds and Turks
- 97 Ice-T or Easy-E
- 98 Sullied
- 99 Word for the diet-conscious
- 101 In a box, in a way
- 104 "Death, Be Not Proud"; poet
- 105 Choler
- 106 Artist's plaster
- 110 Large hall
- 113 — kwon do
- 115 Small section of a dictionary
- 116 Country —
- 117 Goffer Woosnam

ANSWER TO PREVIOUS PUZZLE

SCAPE	STRIBGUP	SINGCLE
ADMAN	TEARINTO	PAIRNED
BRIEFANT	TELLESBANKING	
BOLE	GIST	ESSEX
EMERALD	ASS	SHAFFER
RIO	DIT	KAR
AUTODIBBLE	JOCKEYFOVA	
BSA	ISLA	WURKER
DOVES	INCISE	SESSILE
USER	INCA	TSP
CHRISTIAN	SCHLAWI	AWIS
TOMNES	TEA	RELY
WASTAGE	SULKED	PLATE
WARPECOED	IAN	FLIED
POLEAK	DEB	RY
ROTATES	GOV	POSTERS
ADRE	DASH	OVED
YARDAGE	ATTN	TITLED
TREARY	MATTN	FLEED
ODDEN	GYRAPSIN	RESTS

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Vilna treasure trove rescued from church

In the city that was once the center of the Ashkenazi world, books forsaken for 50 years may be restored to Jewish hands, Marilyn Henry reports

Confiscated by the Germans, then concealed by the Soviets, a treasure trove of 370 Torah scrolls and Jewish books languished in a church in Vilnius, previously called Vilna, the bygone thriving center of Ashkenazi Jewish life. Once the property of YIVO, a research institute founded in Vilna and now based in New York, the Telshe Yeshiva and numerous synagogues, the Judaica was claimed — but not cared for — by the National Library of Lithuania.

Improperly stored, often in heaps on the floor, the Judaica was left to the charge of two elderly women who struggled to sort and catalog it.

YIVO officials tried for years to gain access to the books. The materials were the legacy of the Jews of what once was Vilna, in Poland, YIVO argued, not of a state library in what is now Lithuania.

The Judaica was of no use in a society where few read or write Yiddish or Hebrew, YIVO contended. "There's no one left in Lithuania who can make any good use of this material, no one left with the scholarly or linguistic skills to read these books, even the title pages," said Allan Nadler, YIVO's director of research. "If these were useful, they would not have been sitting untouched for 50 years."

Further, a spokesperson from YIVO said, it was hard to understand how the materials could be a Lithuanian treasure when they are remnants of the world of Polish Jewry.

The battle over who owns the Judaica and where the material should be housed led to eight years of shattered arrangements between Lithuanian officials and YIVO, the famed institute, established in 1925 in Vilna, Poland, as a center of secular and traditional learning, and which moved to New York in 1940.

"What has really complicated matters is the constant turnover of regimes and then political parties within an independent Lithuania, so just when we get to a point where we think we've reached an agreement, a new set of officials is installed, and they see things differently," said Zachary Baker, a YIVO archivist.

However, the battle may be over — for now. Prime Minister Gediminas Vagnorius announced earlier this month that, once the cataloging and classification of the books is completed, the Jewish books and Torah scrolls will be transferred to the Jewish State Museum in Lithuania. Vagnorius also pledged that his government would support a YIVO team to help with the cataloging.

The prime minister's decision averts, at least temporarily, a tangled dispute over whether the books are Jewish or Lithuanian treasures. It also moots the question of whether they should remain in Lithuania, where the small, aging Jewish population can neither care for nor use them.



The Strashun Library, Vilna, circa 1920: A thriving center of Jewish life.

(Courtesy Yad Vashem Archives)

THERE ARE many Judaica collections in Eastern European and former Soviet libraries. Some, such as those in Warsaw, Kiev and Lvov, are being taken care of in what experts say is a professional way. There are other archival collections, generated before the war by local Jewish organizations, that now are housed in regional and central depositories.

However, the Vilna Judaica is probably greater than collections at other libraries. "It's a large collection because of the rich cultural life and intellectual life of Lithuanian Jewry," said Zachary Baker, a YIVO archivist. "There was quite an impressive array of libraries in that area."

Vilna, the city Napoleon called "Jerusalem of the North," was famous for the Strashun Library, the repertory theater known as the Vilna Troupe, and as the home of Elijah ben Solomon Zalmen, known as the Vilna Gaon, the pre-eminent 18th century rabbi of the non-hassidic world.

The city was transferred from Poland to Lithuania under the Molotov-Ribbentrop pact in 1939. The Soviet Union took over the country the next year. Vilnius later was used by the Nazis as one of the main points for collecting and channeling books that were to be sent to Germany where they were to be incorporated into German libraries, including the so-called Institute for the Study of the Jewish Question. The Nazis used the former YIVO building as the collection point.

The Reich killed 240,000 Jews in Lithuania; today, fewer than 4,000 remain.

The material uncovered in Lithuania and elsewhere is the legacy of Soviet library policies, as well as Nazi-era actions. "In terms of Soviet policies, we are dealing with a country — no matter what republic you are talking about — that sought to restrict access to information that was politically suspect or politically not in tune with what the regime was propagating," Baker said.

"The Judaica is only one small piece of a much larger set of issues," said Baker.

Three years ago, in the Vilnius church, Baker saw books in German, Polish, Russian, French and English that had been confiscated from other

libraries by the Soviet regime and "kept under lock and key as part of the information-control policy of the Soviet Union," he said.

It is not clear what will happen to some of these other materials. In many cases they cannot be returned to their owners because the institutions that created them no longer exist. Baker said.

YIVO officials in New York got the first glimmer that some of the Vilna Judaica had survived in 1988, when an article was published that described the library stamps found in the Vilna collection. It was written by Emanuelis Zingeris, now a member of the Lithuanian parliament and the driving force behind the Jewish State Museum in Vilnius.

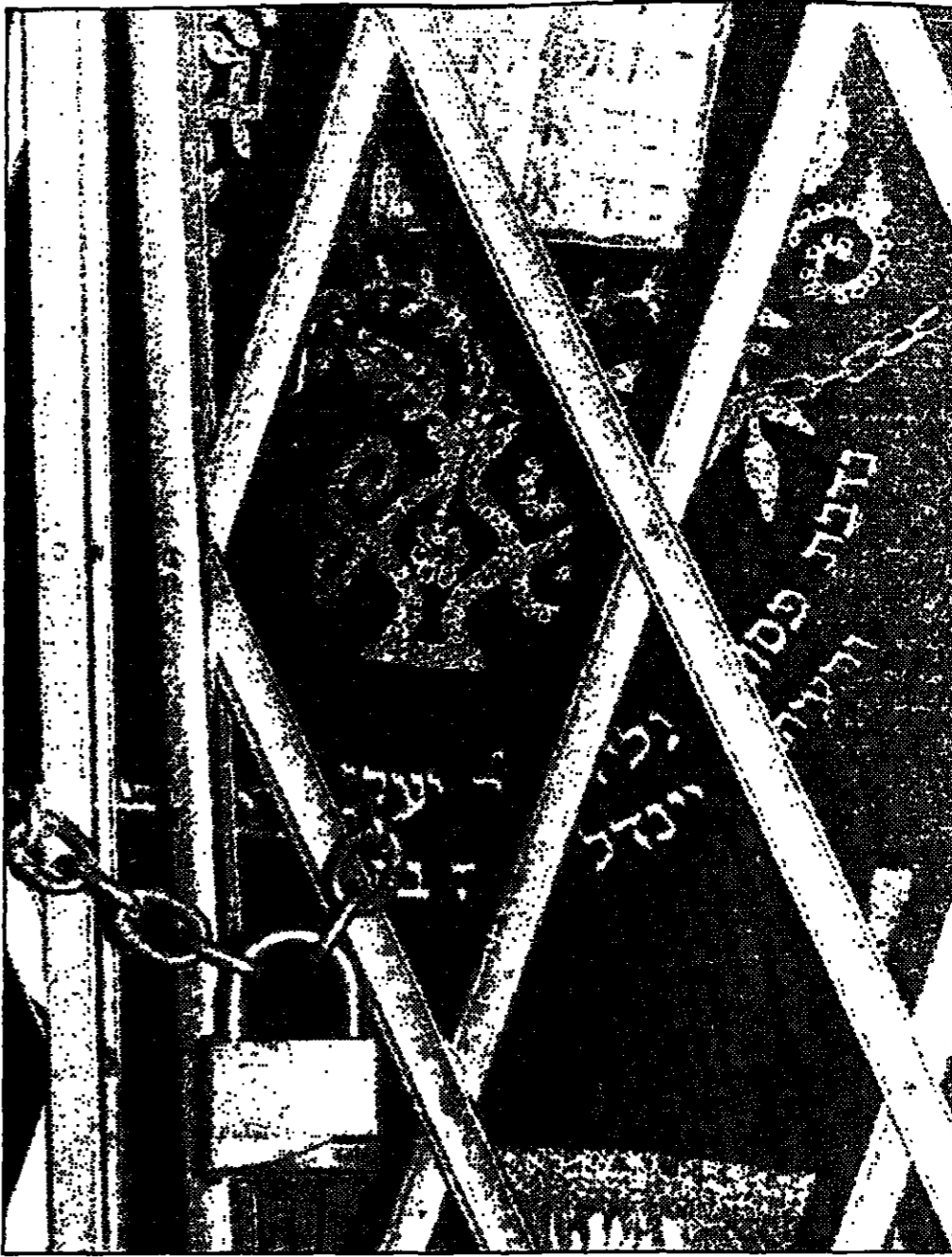
The Vilna Judaica gained international attention late last year with an article in *The New York Times*. While that article appears to have propelled Vagnorius's surprising announcement, the publicity may have been a double-edged sword. YIVO suddenly found itself nearly competing with dozens of Jewish organizations bent on rescuing the materials, with vastly different ideas about whether and where the Judaica should be moved.

Some of the advocates saw the Lithuanian effort to retain the Judaica as a ploy to induce American Jews to donate money to a Lithuanian institution to house material that belonged in the US or Israel. Others said the location of the Judaica was less important than the fact that it needed to be identified and preserved with ready access by scholars.

Yet others said that having the materials roved to the Jewish Museum would prove to be a mixed blessing. On one hand, that would place the Judaica in Jewish hands. But, once it was in Jewish hands, it was unlikely that the Judaica would be permitted to leave the country. "Let's say they find space on the shelves and catalog it. Then what?" asked one researcher who sought to have the Judaica moved to the US. "What use will it be to scholars? So then it will languish in Jewish hands."

The Lithuanian Jewish community also seemed to be splintered.

"Is there some simple way to resolve this?" said Mikhail Jakobas, director of one of two Hebrew



Locked away: 370 Torah scrolls from Vilna may at long last be returned to the Jewish community after languishing in a church for years.

(Bernard Edelman)

schools in Lithuania. "No, of course not. But I came from Telshe. And I wonder now did my grandfather write in the margins of those books? Are they what turned my father into a great and learned man?"

"I can't say that this will ever be a center of Jewish learning again," he told *the Times*. "I know that our renaissance here is in the past. But books are our love. And as much as I admit that more people would use them, someplace else I cannot stand to see them leave. Too much has left here already."

The Habad rabbi in Vilnius, Shalom Ber Krinsky, said he did not believe the books will be used properly in Lithuania. "They need to be rescued even if that means taken from us."

In the meantime, the books are safe, according to a contingent that visited Vilnius earlier this month.

"The books are not in immediate danger," Andrew Baker, director of European affairs of the American Jewish Committee, said after he and a YIVO representative toured the church and met with the prime minister shortly before Vagnorius's announcement.

The 370 Torah scrolls and scroll fragments, however, were not available for close inspection, he said. They were tagged and wrapped in a muslin-like fabric and it was not possible to determine their condition, or whether the heftier scrolls were complete.

"If there are usable Torah scrolls, we would like to get them to congregations where they can be used, whether they are in Lithuania or Eastern Europe or America," Baker said. "I think we all believe that they belong in a synagogue, not in some library storage room."

EARTHLY CONCERNS

The right spice for treating wounds

By D'VORA BEN SHALEM

Until only a couple of decades ago, modern science tended to scoff at claims made by practitioners of folk medicine about the value of certain plants in curing disease.

Even then, it was acknowledged that digitalis, belladonna and quinine, as well as some other drugs, were derived from plants that had been used for centuries as folk remedies but somehow the idea persisted that all the rest were merely the result of superstition. But a new wave of interest swept the scientific community involving researchers from disciplines from botany to microbiology, and some of these long-known remedies were found to possess true medicinal powers.

But the investigators wish to profit from their discoveries resided, more often than not, in legal actions, since almost every drug company that had funded a team to explore some plant, if it showed promise, wanted an exclusive patent on its use.

But patent authorities in a number of countries are not sure that one can patent a material that has been in use for hundreds, even thousands of years, albeit not by mainstream medical professionals, and this has tied up the patent applications on a number of products.

Two examples in particular stand out. The first is the common tree parasite, *Viscum alba*, or mistletoe. This plant has been in use for at least 3,000 years. It was used by the Druids and the early Roman conquerors of England reported on it.

It was a part of the pharmacognosy of people all over Europe and was used for a variety of illnesses. Some researchers say it

was the famous "golden bough" of the priests of Nemi.

In the 20th century Rudolf Steiner made a preparation from this plant that has been and still is used in Steiner clinics and a lot of people claim that the preparation of mistletoe juice cured their malignancies.

Now the University of Southern California in Los Angeles has filed application for a worldwide patent on the use of mistletoe in the treatment of cancer and AIDS, diseases which seem to be ameliorated by the extracts of the plant.

The second is the common kitchen condiment, turmeric,

(*Curcuma longa*) also known as "haldi" and *karkom* in Hebrew. This plant has been the mainstay of Indian medicine for as long as anyone can remember. Ancient writings say that soldiers carried a small bag of powdered turmeric and poured the powder immediately into sword and saber wounds to prevent infection, stop bleeding and enhance healing.

There is probably no person alive in India whose scraped knee caps and other cuts and scratches from childhood were not treated with powdered turmeric or a paste made of the powder. In addition, Indian pharmacognosy lists a total of 1,700 different

medicinal uses for the plant.

Last year two American scientists managed to receive a patent for the use of turmeric as a treatment for wounds but the outcry from the Indian government has been such that the patent is now being contested. Certainly the claim that the two researchers were the "first to use this powder to treat wounds" is unlikely to be upheld.

India has been particularly sensitive to these sorts of claims which they term as "piracy" ever since 1985 when several big drug companies received patents to exploit the neem tree of India (*Azadirachta indica*) as a source



for pesticides. The Indians have used the juice from the neem tree for centuries as a pesticide in homes and gardens.

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BUSINESS

in brief

Sharansky to appoint new director-general

Trade and Industry Minister Natan Sharansky is likely to appoint a new ministry director-general within the next few weeks, possibly before the end of the month, one of his advisers confirmed yesterday.

The list of candidates to replace Yehoshua Gleitman has yet to be finalized, according to the source.

Gleitman's resignation takes effect from the end of March. Appointed in August, Gleitman made it clear to Sharansky that the arrangement would only be temporary. Prior to his current post, Gleitman served for four years as the chief scientist.

David Harris

Kedem DiverseyLever consider venture

Kedem Chemicals, a subsidiary of Tambour, and DiverseyLever, a subsidiary of the Anglo-Dutch Unilever, are negotiating to establish a joint venture in the cleaning materials field.

In an announcement to the Tel Aviv Stock Exchange, Kedem said the companies are interested in establishing a joint company to supply chemicals and systems for cleaning and maintenance for the institutional and industrial sector.

The manufacturer of a variety of chemicals refused to provide the details of the deal, which has not yet received the approval of the board of directors. Unilever is an international conglomerate engaged in the food and chemicals sectors.

Galit Lipkis Beck

Polgat explores Indian partnership

Polgat and Clal Industries are examining joint cooperation possibilities with Birla, an Indian investment company. A delegation of eight senior Birla representatives will visit Clal's American Israel Paper Mills, the Nesher cement factory and ECI this week as hosts of Clal.

Birla is an \$8 billion investment company with 12 centers worldwide. The company owns subsidiaries engaged in a broad range of fields, including textiles, aluminum, paper, sugar, chemicals, and cement.

Galit Lipkis Beck

Discount's share offer delayed until April

By GALIT LIPKIS BECK

Bank Discount's public share offer has been delayed until April due to the bank's inability to supply a precise estimate of its anticipated provision for doubtful debts in the 1996 fourth quarter, the bank notified the Tel Aviv Stock Exchange yesterday.

The management of Discount Bank and MI Holdings, the government-owned company in charge of the banks sale, intend to submit to the Securities Authority in the first week of April a draft prospectus for the sale of a 17-percent stake in Israel's third largest bank.

The new prospectus would include the bank's annual financial statements for 1996, which will be published today.

"We intend to issue the bank in the middle of April," said MI Holdings general manager Meir Jacobson.

MI Holdings initially intended to execute the offer during the first quarter of this year, based on the bank's financial statements for the first nine months of 1996. Several days before the scheduled issue date, the Securities Authority decided to base the final approval of the prospectus on receiving more information of the additional allowances for doubtful debts in the fourth quarter.

Considering its lack of this data, the bank was unable to meet the criteria necessary to publish the prospectus, Bank Discount said in an announcement to the Tel Aviv Stock Exchange yesterday.

Last week Bank Discount and the government worked around the clock to hold the offer in time, but at the end of a lengthy meeting Thursday night it was clear the bank has run out of time.

Bank Discount management initially estimated there will be additional allowances of between NIS 30 million and NIS 60m. in the fourth quarter, but the authority demanded more precise information.

A proposal to include the 1996 financial statements of Mercantile Discount Bank and Discount Mortgage Bank in Bank Discount's prospectus was also rejected.

The publication of the subsidiaries' results were expected to assist investors in deciding whether to take part in the issue.

Underwriters of the issue said MI Holdings and Bank Discount should have realized that the timing of the publication of the bank's prospectus was likely to cause problems.

They said the additional provisions clause, which is a problem every quarter, is especially problematic in the fourth quarter,

since the financial statements are audited at the end of the year.

Yacobson refused to comment on the subject, explaining that the government did not expect problems of this kind.

The issue, which is in the framework of the government's privatization plans, is expected to raise a total of NIS 650m., of which NIS 170m. will be immediate. The bank has been valued for this offering at NIS 3.9 billion.

The postponement of Discount's issue has led to the cancellation of the pre-sale of Bank Discount's shares to institutional investors. The pre-sale, took place at the start of the month.

It is not yet clear whether the postponement will cause a delay in the government's sale of Bank Leumi and United Mizrahi Bank's shares, which are currently planned for the second quarter.

Japan mulls Israeli request for direct flights

By DAVID HARRIS

Japan is considering a request from Israel for direct flights to operate between Tel Aviv and Osaka.

Led by its First Middle East Division, Japan's Foreign Ministry is pressing for El Al to be allowed to run schedule flights to Kansai Airport, near the western Japanese city.

However, the Transport Ministry is understood to be towing a cautious line for a variety of economic, logistical and security-related reasons.

Israel had pressed for several years for permission to fly into Narita, which serves Tokyo, even though it is located some 70 kilometers from the capital. However, that airport is full, with a long queue of airline companies requesting slots ahead of El Al.

With the recent opening of Kansai, which is a two-hour flight or four-hour train journey from Tokyo, negotiations have reopened.

Among the key discussion points is security, a problem exacerbated by the semi-private nature of Kansai.

Some Israeli diplomats are questioning the economic viability of running a regular service to Tokyo. With only 15,000 tourists coming to Israel from Japan each year and a further 2,000 businessmen, even a weekly service would not break even.

"It's a chicken and egg question," said one diplomat. "Is El Al the chicken or the egg? If the company launches a service will it attract new visitors, or will the current lack of visitors deter the company?"

El Al is keen to run scheduled flights to Japan, as it is looking to extend its operations in the Far East.

The company has previously operated charter flights to Japan and is now offering special four-day package holidays to Israel for Japanese tourists on longer stays in Europe.

"Airlines are effectively part of a country's foreign policy," said Asahi Shimbun, editor and former Israel correspondent for the newspaper *Dajji Sadamori*. "One problem is that air agreements have to be reciprocal, but the Japanese airlines don't seem to be interested in Israel."

Currently, the cheapest, most popular flights to and from Japan include stops in major European cities, adding as many as 14 hours to the length of a direct flight.

Newly established Turkey-Japan services are proving to be economical and convenient.

"Journeys to Ben Gurion could prove popular, if with the peace process Tel Aviv becomes the Middle East hub," said *Sadamori*.

Mortgage rates shaved by 0.2%

By GALIT LIPKIS BECK

The mortgage banks have reduced the rate of interest on mortgages by an average 0.2 percent, in line with the decrease in the cost of raising capital resources.

Zion Ezer, the general manager of Bank Hapoalim's Mishkan bank, said the decrease is primarily due to the drop in yields on the bond market during the last few weeks.

The banks have continuously reduced interest rates since December.

Following the reduction in rates, the interest on a five-year mortgage at Mishkan has decreased to 5.2%.

The rate for mortgages of between six and 10 years at Mishkan is 5.4%, and for mortgages of more than 20 years is 5.6%.

Adanim Bank, which was the first to reduce interest rates, charges 5% interest on five-year loans.

At Union Bank the interest on a mortgage of between five and 10 years is 5%. Mortgages for a period of 11-15 years are now at 5.1%.

First International Bank and its subsidiary Atzmaut Bank have also reduced rates.

Interest on a five-year mortgage is 5.2%.

Unlike the other banks, Bank Leumi mortgage banks does not intend to reduce mortgage rates in the near future.



British Petroleum CEO visits Kuwait

British Petroleum CEO John Browne (left) listens to Chairman Khalid Fulaaj yesterday. Browne, on a two-day visit to Kuwait, was given a guided tour of the state-owned Kuwait Oil Company. Kuwait owns a 9.5 percent stake in BP.

(Reuters)

COMPANY RESULTS

New Dimension net soars

New Dimension Software's annual net income soared 311 percent to \$5.45 million last year from \$1.33m. in 1995. Revenue was up 22% to \$43.55m. from \$35.74m.

For the fourth quarter, net income increased 308% to \$2.84m. from \$695,000 in the same period in 1995. Revenues went up 49% to \$13.69m.

The Tel Aviv vendor of integrated software solutions for data management attributed the results to its success in penetrating overseas markets.

In the fourth quarter, the company's revenues increased 51% in North America, 41% in Europe and 53% in the rest of the world, compared to the same period one year ago.

Dan Barnea, the company's CEO, said that New Dimension Software had also succeeded in strengthening the company's role in several technological markets. "During 1996, we continued our strong commitment to product development in both mainframe and client/server technology," Barnea said in a statement.

The company's products are used to manage the flow of information between applications, systems, end users and administrators.

Jennifer Friedlin

Laser Industries profits up 52%

Laser Industries Ltd. reported a 52% increase in annual net income to \$8.8m., compared with 1995 net income before litigation expenses of \$5.5m. The company's revenues rose 17% to \$58.7m. from \$50.1m.

For the quarter, the company reported net income of \$2.5m., compared with net income before litigation expenses of \$1.7m. Revenues for the quarter went up 14% to \$15.5m. from \$13.5m. in the same quarter in 1995.

Laser Industries manufactures and sells surgical laser systems. The Tel Aviv-based company makes systems for freehand surgery, microsurgery, endoscopic surgery, neurosurgery, eye, proctologic and arthroscopic surgery and sells its products in the US, Europe, Asia, Central and South America, Australia and Africa.

Jennifer Friedlin

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Type C items - Office Equipment and Appliances
Type D items - Writing and Erasing Requisites
Type E items - Franking Stamps
Type F items - Computer Peripherals

Tender Participation Pre-conditions

- Minimum tender participation conditions are given below. Offers which do not comply with these conditions will not be considered.
- Bidders should have at least 3 years' experience in supplying office equipment.
- Bidders should have experience in supplying office requisites to large organizations and/or government ministries.
- Bidders must be capable of supplying all the office equipment items in the tender specification and its appendices, in whatever quantity is ordered, with delivery to any location.
- Bidders should supply a color catalog of appropriate quality, with an indication of the catalog numbers of the items offered, and a description of the items; this applies for all the office requisites detailed in the tender.
- The catalog must be provided within 60 days of receipt of notification of success in the tender. The successful bidder must undertake to supply such a catalog to all branch offices of the government ministries.
- A bidder must attach to his bid confirmation from the Israel Standards Institution, or from a body authorized by the Institution that the bidder has instituted the procedure for obtaining approval, in accordance with Israel Standard 2002 (ISO 9002) of 1996.
- Bids should be submitted for all items, specified under Types A to D. Bids that do not cover all these items will not be considered. Bids for Type E and F items may be confined to these items.

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Project Management and Implementation of the PRA Computerized Maintenance Management System

POSTPONEMENT OF DATES

The date of the Suppliers Conference and the final date for submitting proposals have been postponed as follows:

- Suppliers Conference will take place on 4/3/97 at 09:00 hours (instead of 27/2/97).
- The final date for submitting proposals is 31/3/97 at 14:00 hours (instead of 25/3/97).

The Ministry of the Interior
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The National Council for Planning and Building have decided to prepare a Policy Paper and a Survey Formulating Principles and Directives for Conservation of Open Spaces in Israel.

The Planning Administration in The Ministry of the Interior is coordinating the project.

This RFP is intended for those interested in submitting a detailed proposal of a work plan in accordance with the RFP specifications that may be purchased for a fee of NIS 1,200, through Mr. Yosef Greenzweig, Director of Facilities, The Ministry of the Interior, Kiryat Ben Gurion, 2 Kaplan St., Room 105, Jerusalem, during the hours 9:00 - 13:00.

The final date for proposal submission is April 10, 1997.

All questions regarding the RFP should be sent in Hebrew only, via fax to:
02-6701633, attention: Mr. Menachem Arselan.

ISRAEL MONEY MARKETS

Patah (foreign currency deposit rates) (11.9.96)

Currency (deposit for)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (\$250,000)	4.750	5.000	5.375
Pound sterling (£100,000)	3.875	4.000	4.250
German mark (DM 200,000)	1.825	1.825	2.125
Swiss franc (SF 200,000)	0.825	0.750	1.000

(Yen (10 million yen))

(Rates vary higher or lower than indicated according to deposit)

Shekel Foreign Exchange Rates* (20.2.97)

Currency basket	CHECKS AND TRANSFERS		BANKNOTES		Rep. Rates**
	Buy	Sell	Buy	Sell	
U.S. dollar	3.2044	3.8826	3.28	3.42	3.5536
German mark	3.3187	3.7723	1.93	2.03	1.9851
French franc	1.9680	1.9598	5.25	5.51	5.5776
Japanese yen (100)	5.3435	5.4237	0.67	0.70	0.6929
Dutch florin	0.5823	0.5917	0.57	0.50	0.5379
Swiss franc	2.5838	2.7271	2.63	2.77	2.7118
Swedish krona	1.7524	1.7507	1.72	1.81	1.7876
Norwegian krona	2.2476	2.2839	2.20	2.52	2.2859
Denmark krone	0.4471	0.4544	0.43	0.47	0.4513
Finland mark	0.4940	0.5020	0.48	0.51	0.4882
Canadian dollar	0.5158	0.5240	0.50	0.54	0.5201
Australian dollar	0.5811	0.5718	0.54	0.59	0.5676
S. African rand	2.4414	2.4808	2.39	2.52	2.4682
Belgian franc (10)	2.5546	2.5959	2.51	2.84	2.5304
Austrian schilling (10)	0.7415	0.7536	0.67	0.76	0.7482
Italian lira (1000)	0.9231	0.9385	0.93	0.99	0.9618
Jordanian dinar	2.7982	2.8414	2.74	2.89	2.8206
Egyptian pound	1.9772	2.0091	1.94	2.04	1.9979
ECU	4.8220	4.9400	4.82	4.94	4.7752
Irish punt	0.8400	1.0300	0.84	1.08	1.0221
Spanish peseta (100)	3.8147	3.8783	5.12	5.37	5.2804
	5.2121	5.2892	5.12	5.37	5.2804
	2.3208	2.3581	2.28	2.40	2.3426

*These rates vary according to bank. **Bank of Israel.

SOURCE: BANK LEUMI

PRIME Mutual Fund for Foreign Residents

Date: 20.2.97
Purchase Price: 115.76
Redemption Price: 114.26

TARGET Mutual Fund for Foreign Residents

Date: 20.2.97
Purchase Price: 104.58
Redemption Price: 102.12

Handwritten signature or stamp in a box.

Key Representative Rates

US Dollar	NIS 3.3510
Starting	NIS 3.2828
Mark	NIS 1.9891

Albright warns Japan on automotive trade issues

TOKYO (Reuters) — US Secretary of State Madeleine Albright yesterday warned Japan of possible trade friction unless Japan fully implemented a 1995 Japan-US auto accord. Japanese trade officials said.

They said Albright gave the warning in a meeting in Tokyo with International Trade and Industry Minister Shinji Sato to discuss bilateral trade issues. Albright stopped in Tokyo as part of her first world tour as secretary of state.

Referring to complaints by the US automobile industry regarding the auto agreement, Albright said that as automobiles and auto parts are "key areas," there is a risk of friction developing unless Japan fully implements the accord. Sato pledged to Albright that Japan will live up to the agreement reached in June 1995, the officials said.

The American Automobile Manufacturers Association said last month that the "Big Three" US automakers signed 103 new dealer outlets in Japan in 1996, gaining only about half of the 200 outlets expected under the auto accord.

The association urged Japanese automakers to follow through with their pledge to support an open dealer network.

Albright also called for extension of the 1992 bilateral paper trade accord which Japan refuses to extend and is due to expire in early April, but Sato said only that Japanese and US officials should exchange views on the issue, the officials said.

Other clouds on the trade horizon are over photographic film, shipping and telecommunications. Last Friday, US Deputy Trade Representative Jeffrey Lang urged Japan to begin its

promised talks as soon as possible on lifting curbs on foreign equity ownership in two Japanese telecom giants.

Under a pledge by 68 members of the World Trade Organization (WTO) to open up the world's telecommunications markets, Japan promised to abolish foreign equity restrictions for all telecom companies except the two giants — domestic telecom carrier Nippon Telegraph and Telephone Corp. (NTT) and international carrier KDD.

The US has also filed with a WTO dispute settlement panel a complaint that Japan had attempted to thwart foreign entry into its photographic film and paper market.

On shipping, the US appears to have made up its mind on whether to slap sanctions on Japanese shipping firms over Japan's port practices but has

delayed an announcement of the decision because of Albright's visit.

The Federal Maritime Commission, angry at what it says is discriminatory and costly Japanese port practices, has been considering slapping a \$100,000 surcharge on Japanese ship operators Kawasaki Kisen Kaisha Ltd., Mitsui OSK Lines Ltd and Nippon Yusen KK every time they stop at a US port.

High-profile US-Japan trade disputes have often gone to the brink but averted the actual imposition of sanctions by last-minute deals.

That was the case in the bitter feud over trade in cars and cars parts in 1995. Two-way trade spats have been on the back burner recently, but analysts say tempers could flare if Tokyo's trade surplus with Washington rises again due to the weak yen.

TASE ROUNDUP

Market down on Bar-On

Mishtanim	257.91	3.23%
Maof	266.79	2.78%

By DAN GERSTENFELD

Shares closed broadly lower yesterday as the market responded to a volatile mix of high stock prices and a rapidly unfolding political crisis, traders said.

The benchmark Mishtanim index of top 100 shares fell 3.23 percent to 257.91 on all-share turnover of NIS 173 million, against NIS 160m, on Thursday.

The Maof 25 blue-chip index closed 2.78% lower at 266.79.

Trading opened with a sharp decline of more than 4%, but by midday the market started recovering," said Dan Lallouz, portfolio manager at Clal Insurance. "The beginning of the day was really frightening."

"With no other economic news out, it seems it's all related to the political situation," said Danniella Finn, vice president at Betucha Securities.

"The market rose very fast and investors are nervous," Lallouz said.

"Bad news can knock the market down easily. I do not believe that this is the beginning of a negative trend."

Ronen Kaufman, a vice president at Nesuah Investment Management, said he believed the sell-off was more influenced by high stock prices and the absence of foreigners on Sunday to counterbalance the wave of sell orders by Israelis.

"On lower prices the Bar-On affair wouldn't be affecting the market," he said.

The Mishtanim index has been rising steadily since the start of November, gaining nearly 10% in February alone.

"The level of prices simply has no backing on the basis of economic parameters," said Kaufman, making the market vulnerable.

Finn said she thought the market's reaction to the crisis was overwrought.

"It seems to me a bit of a panic," she said.

"To me it's not justified. Even when there's a government crisis, there's no change in economic fundamentals. In my mind, it's a bit of an overshooting. There is room for a correction. If the political crisis might be an excuse or a catalyst."

Kaufman said that regardless of how the crisis develops, he saw little room for short-term improvement in the market. He said, however, that if yesterday's declines are very big, prices could correct upwards today.

"The strong correction we saw toward the end of the trading day was a clear sign that the market is still strong," a trader at United Mizrahi Bank said. "I believe that the market will continue to rise [today]."

The most active share was Teva Pharmaceutical Industries, which closed unchanged on volume of NIS 11.7m. (Reuters)

COMMODITIES ROUNDUP

Precious metals close up

By MICHAEL ZWERNER

Precious metals closed mostly higher on Friday but erased some of their gains by the session's end due to profit-taking by commodity funds.

Analysts have differing opinions on whether gold's recent move up is a short-term bounce up, with new lows to still be made, or whether it is a signal that the bottom is in place.

With commodity funds taking profits on short positions, physical gold demand picking up, and the US dollar and stock market both seeing a downward correction last week, some investors were being tempted back into precious metals, traders said.

Silver has been leading the recovery in the precious metals complex lately. However, fund profit-taking was cited as the main contributing factor to March silver's new daily low at the end of the day on Friday.

Palladium showed strength in the market on Friday, with the March contract trading to a high of \$139.75. While the Russian budget has been passed, many concerns remain about the availability of Russian supplies as contracts still will need to be negotiated.

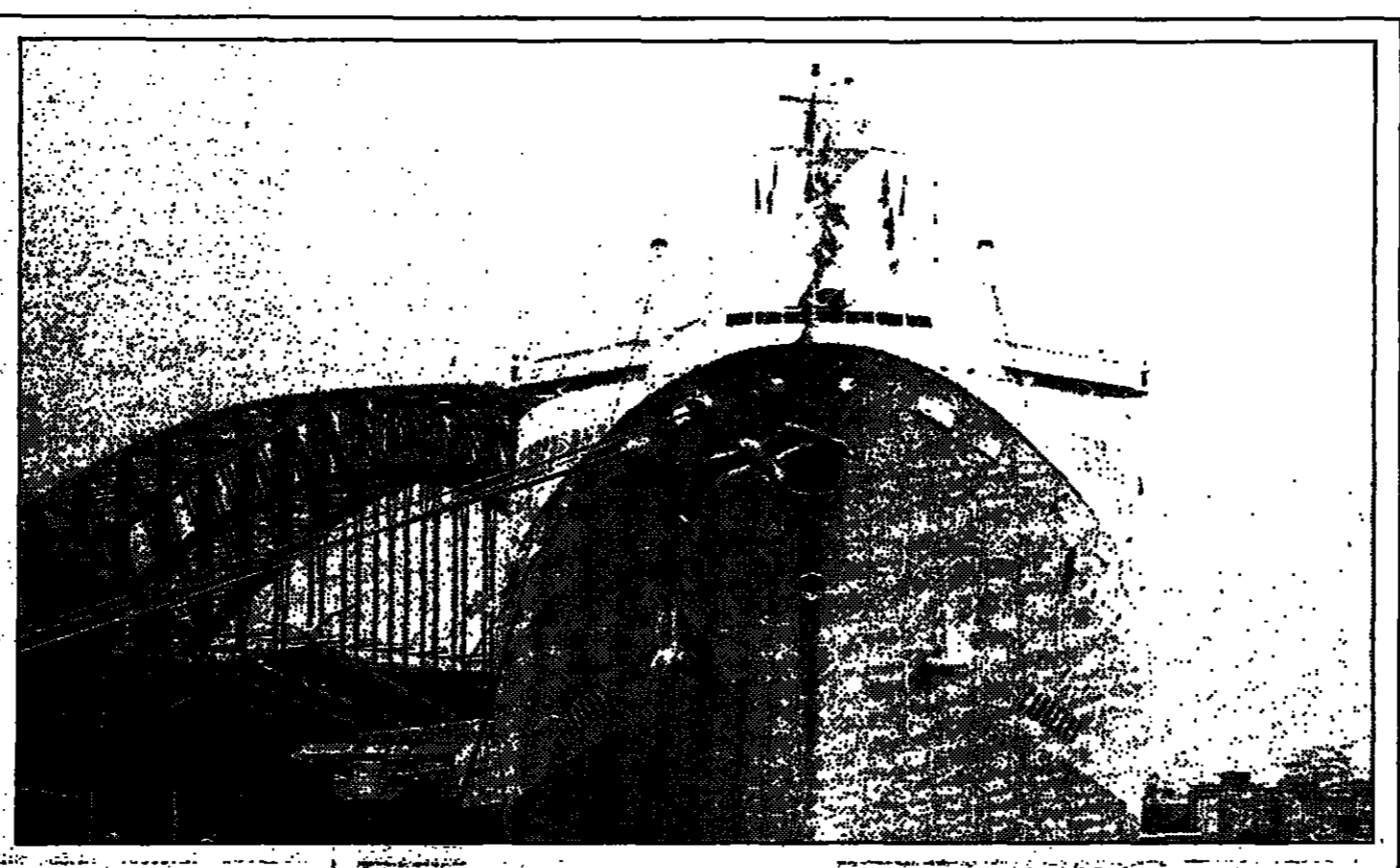
April gold closed up \$1.50 at \$354.10. March silver closed down 4 cents at \$5.19. April platinum closed up \$2.10 at \$374 and March palladium closed up \$3 at \$139.

High grade copper futures closed higher on Friday as gains held and traders resisted taking profits ahead of the weekend. While London Metal Exchange (LME) stocks increased slightly, traders discounted the increase and pushed prices higher. Rumors that China may be interested in buying copper also contributed to higher prices.

COMEX March high-grade copper futures closed up 190 points to close at \$1.1330.

Crude oil and petroleum product futures ended lower on the New York Mercantile exchange on Friday, following trends seen on the International Petroleum Exchange (IPE) in London. This downward move, sparked by last week's bullish inventory data for crude oil from the American Petroleum Institute and the US Department of Energy, continued after weakness in the Brent contract on the IPE kept up the pressure on April crude oil.

Analysts said a report that the UN approved more contracts for sale in the Iraqi oil-for-food deal added to the bearish environment. The April crude oil contract closed down 30 cents at \$21.39 per barrel. *CommStock Trading Ltd.*



'P&O Canberra' readies for last world tour
The British passenger ship 'P&O Canberra' is docked at Circular Bay yesterday. The 44,807 ton ship, which was launched in Belfast in 1960, was built specifically for the UK-Australia run and is to be retired in September after a world tour. (Reuters)

US, UK cite progress in aviation talks

By ROBERT TRAUTMAN

WASHINGTON (Reuters) — The US and Britain over the weekend reported progress in talks aimed at giving airlines from both countries far more freedom to fly routes and set schedules on their own.

John Byerly, a State Department negotiator, said after the latest negotiations "the two delegations concurred that the talks had been useful and that the two sides had made progress toward an agreed text for a new bilateral accord."

The talks, held last week, aim to reach a new agreement to replace the existing restrictive US-British aviation services accord. Previous talks were held on and off over the past two years with little progress reported. Byerly did not detail the progress made, and added that "the delegates achieved a fuller understanding" of respective positions regarding issues that remain to be resolved.

He said the two sides agreed to further exchanges through diplomatic channels and were likely to resume negotiations, but he would not elaborate.

The open skies agreement would give US and British carriers far more freedom to fly routes and frequencies of their own choosing.

One issue blocking an agreement has been Britain's reluctance to cede additional landing slots at London's Heathrow Airport, considered by US carriers to be a key transfer point for flights to conti-

ental Europe and beyond. Heathrow is dominated by British Airways Plc.

Canada, Germany and other European countries have already reached "open skies" accords with the US.

The US-British talks are being closely watched by British Airways and American Airlines, because Washington has said it would not approve their proposed alliance unless a new aviation pact was reached between Washington and London.

American has asked US regulators for immunity from antitrust laws for the proposed alliance, which would give the two carriers greater strength in the lucrative US-British market. American and BA proposed the alliance last June 11. American and BA plan to coordinate and jointly market passenger and cargo services across the Atlantic.

Other major US airlines, as well as Britain's Virgin Atlantic Airways, are watching the open skies talks, and the ramifications for the American-BA alliance, very closely.

Five big US airlines have asked the Transportation Department to hold public hearings on the proposed alliance. Virgin Atlantic has said the alliance would give American-BA control of 60 percent of the US-British market.

But American has said the alliance would increase competition because it would be part of an open skies pact that would open Heathrow to its US rivals.

Miami fears new US sanctions against Colombia

By TERESA CARSON

MIAMI (Reuters) — Miami and its airport could be hard hit if the US government imposes new trade sanctions against Colombia when it reviews its relationship with drug-related countries next week, trade executives said.

"We do not need any sanctions right now. We prefer it like this, we do not want it to get worse," Guillermo Mejia, Miami-based commercial director for Colombian all-cargo Tampa Airlines SA told reporters over the weekend, referring to industry fears the US government might propose tougher measures such as a tax on flowers or other goods.

"If the government imposes sanctions, such as a tax on flowers, it would be a major blow to the air cargo and the flower industry in South Florida," B.F. Spohrer, president of Miami-based Challenge Air Cargo and also chairman of the World Trade Center Miami, said earlier.

Last March 1, US President Bill Clinton decertified Colombia as a reliable ally in the drugs war, saying the government was not doing enough to combat the cartels.

But Colombia faced only mild sanctions.

By law, each year the president must review the anti-drugs efforts of the countries that are on the black list.

This year 32 countries will be reviewed in a report called the International Narcotics Control Strategy Report, which the State Department compiles from all government agencies involved in the drug war, a State Department spokesman said.

Colombia is Miami International Airport's biggest trading partner with 227,000 tonnes of air cargo to and from Colombia, according to 1995 statistics from Metro-Dade Aviation Department.

Brazil is the next closest with one-third that amount.

Flowers are MIA's largest single import, with 167,000 tonnes coming in in 1995, according to Metro-Dade Aviation.

Colombian and trade interests have been lobbying, taking out advertisements in newspapers and organizing forums to press their case with Washington.

Spohrer said World Trade officials met Florida Gov. Lawton Chiles, who in turn called Clinton to urge him not to impose tougher sanctions on Colombia.

"Everyone is sitting around biting their nails to see what happens," Spohrer said.

Currently flowers from Colombia enjoy a special trade status and no duty is charged.

Gdansk shipyard faces 2,500 layoffs

WARSAW (Reuters) — About 2,500 workers from the Gdansk shipyard could be out of a job by the end of February unless the bankrupt enterprise obtains credit from banks to build five ships, the provincial Labor Office said over the weekend.

"Assuming the most pessimistic scenario — that is a lack of credit — it should be expected that on February 28, 2,500 workers will get their notice," the director of the Labor Office in Gdansk, Grazyna Zielińska, said in a statement.

The statement, issued to reporters, said 3,800 people were now working at the Baltic coast yard, which employed 7,500 in August 1996, when the enterprise was declared bankrupt.

The yard appeared to be heading for final collapse after a consortium of banks refused it a \$100 million loan last week to finance construction of the five ships for a German contractor.

The German contract would have kept part of the yard alive, while the government and the firm's management sought an investor to save the business.

The shipyard has operated on bankruptcy regulations since August last year, when its debts reached 415 million zlotys (\$136 million) and banks refused further credit.

The government of ex-communists and a peasant party blames the shipyard's previous managements, supported by the Solidarity union which arose there in 1980 as the Soviet bloc's first free trade union, for the company's misfortunes.

Solidarity, which helped topple communist rule in 1989, says the government has subsidized other state-owned firms and is now denying help because of the yard's opposition links.

WHERE TO GO

Notices in this feature are charged at NIS 28.08 per line, including VAT. Insertion every day of the month costs NIS 520.65 per line, including VAT, per month.

JERUSALEM
Conducted Tours
HEBREW UNIVERSITY. Tours of the Mount Scopus campus, in English, daily Sun-Thur., 11 a.m. from Bronfman Reception Center, Sherman Administration Bldg. Buses Aa, 9, 23, 26, 28. For info, call 5882819.
HADASSAH. Visit the Hadassah installations, Chagall Windows. Tel. 02-6416333, 02-6776271.

TEL AVIV
TEL AVIV MUSEUM. Andreas Serrano: The Morgue. Soviet Photography from the Museum collection. Lucian Freud: selection of works. Tzvi Hecker: Sunflower. Portraits: By a group of Israeli artists. Visual Reality: The domestic and realistic in contemporary Israeli art. HELENA RUBINSTEIN PAVILION FOR CONTEMPORARY ART. Shlomo Ben-David and Amnon Ben-David. The Inverted Campaign. Hours: Weekdays 10 a.m.-6 p.m., Tue. 10 a.m.-10 p.m., Fri. 10 a.m.-2 p.m. Meyerhoff Art Education Center. Tel. 6919155-8.

HAIFA
WHAT'S ON IN HAIFA, dial 04-8374253.

GENERAL ASSISTANCE

EMERGENCY PHARMACIES
Jerusalem: Armonia, 9 Levo Yefie, 673-1901; Belsam, Saleh e-Din, 827-2316; Shualat, Shualat Road, 581-0106; Dar Aldawa, Herod's Gate, 628-2058.
Tel Aviv: Kupat Holim Macozabi, 7 Ha-Shilo, 546-5553; Superpharm Gimel, 1 Ahimim, Ramat Aviv Gimel, 641-7117. Till 3 a.m. Tuesday: Pharma Daf Jabotinsky, 125 Ibn Gvriol, 546-2040.
Tel. midnight: Superpharm Ramat Aviv, 60 Einstein, 641-3700; London Ministore Superpharm, 4 Shaul Hamaelech, 696-0115.
Ramatana-Klar Sava: Bar-Ilan, 29 Bar-Ilan, Ramatana, 744-3579.
Netanya: Rafia-EI, 14 Stamper, 833-1107.

Haifa: Sieff Square, 1 Shalom Aleichem, 823-5064.
Krayot areas: Morzhim, 64 Moshel Goshen, Krayot Moshel, 873-7243.
Herzliya: Clal Pharm, Beit Merkazim, 6 Masfil (con. Sederot Hagalim), Herzliya Pituah, 855-8472, 855-8407. Open 9 a.m. to midnight.
Upper Mazzaresh: Clal Pharm, Lev Ha'ir Mall, 657-0488. Open 9 a.m. to 10 p.m.

DUTY HOSPITALS
Jerusalem: Hadassah Ein Kerem (internal, surgery, orthopedics, ENT); Misgav Ladach (obstetrics); Bikur Holim (pediatrics); Shaare Zeedek (ophthalmology).
Tel Aviv: Tel Aviv Medical Center Dana Pediatric Hospital (pediatrics); Tel Aviv Medical Center (internal, surgery).
Netanya: Laniado.

Medical help for tourists (in English) 177-022-9170
The National Poison Control Center at Rambam Hospital 04-852-9205, 24 hours a day, for information in case of poisoning.
Eran - Emotional First Aid - 1201, also Jerusalem 581-0303, Tel Aviv 546-1111 (children/young 696-1113), Haifa 897-2222, Beersheva 549-4333, Netanya 622-5110, Karmiel 938-6770, Kiryat Sava 767-4555, Hadera 634-6789.
Wizo hotlines for battered women 02-651-4111, 03-548-1133 (also in Russian), 07-637-6310, 08-855-0506 (also in Amharic).
Rape Crisis Center (24 hours), Tel Aviv 523-8319, 544-9181 (mon).
Jerusalem 625-5558, Haifa 653-0533, Eilat 633-1977.
Hadassah Medical Organization - Israeli Cancer Association support service 02-624-7676.

MISHTANIM LEADING 100 TASE ISSUES		LAST CHANGE		LAST CHANGE		LAST CHANGE		
Al Paper Mills	1427.00	+4.0	Clal Bank	99.5	-3.4	Perkhov	1823.0	-0.0
Adcorp Int.	483.0	-8.0	Clal Telco	1258.0	-5.0	Petrolchem	2247.0	+3.3
Alfa Health	674.0	+2.2	Clal Storage	1059.0	-10.0	Pharm Int. 7	371.0	-0.2
Alfa Int'l	2382.0	-4.0	Clal Works 0.1	1059.0	-3.5	Pharm Int. 8	1291.0	-8.8
Alfa Int'l 0.1	2007.0	-4.0	Clal Works 0.2	1028.0	-4.3	Pharm Int. 9	84.0	-7.0
Alfa Int'l 0.2	93.5	+1.2	Clal Works 0.3	245.0	0.0	Pip & Sig	2338.0	-7.2
Alfa Int'l 0.3	172.0	-5.3	Clal Works 0.4	245.0	0.0	Regran	732.0	-5.5
Alfa Int'l 0.4	717.0	+2.7	Clal Works 0.5	245.0	0.0	Sat Industries	232.0	-7.2
Alfa Int'l 0.5	1063.0	+4.3	Clal Works 0.6	245.0	0.0	Sava	340.0	+4.0
Alfa Int'l 0.6	717.0	+2.7	Clal Works 0.7	245.0	0.0	Shimem	128.0	-5.7
Alfa Int'l 0.7	1063.0	+4.3	Clal Works 0.8	245.0	0.0	Sistem Bank Bond 4	128.0	-4.0
Alfa Int'l 0.8	717.0	+2.7	Clal Works 0.9	245.0	0.0	Sistem Bank Bond 5	128.0	-4.0
Alfa Int'l 0.9	1063.0	+4.3	Clal Works 1.0	245.0	0.0	Superpharm	1027.0	-8.0
Alfa Int'l 1.0	717.0	+2.7	Clal Works 1.1	245.0	0.0	Tek	412.0	-6.2
Alfa Int'l 1.1	1063.0	+4.3	Clal Works 1.2	245.0	0.0	Tel Aviv	1480.0	-4.0
Alfa Int'l 1.2	717.0	+2.7	Clal Works 1.3	245.0	0.0	Tel Aviv 2	949.0	-1.3
Alfa Int'l 1.3	1063.0	+4.3	Clal Works 1.4	245.0	0.0	Tel Aviv 3	700.0	-8.0
Alfa Int'l 1.4	717.0	+2.7	Clal Works 1.5	245.0	0.0	Tel Aviv 4	202.0	-0.0
Alfa Int'l 1.5	1063.0	+4.3	Clal Works 1.6	245.0	0.0	Tel Aviv 5	300.0	-1.7
Alfa Int'l 1.6	717.0	+2.7	Clal Works 1.7	245.0	0.0	Tel Aviv 6	24391.9	-1.1
Alfa Int'l 1.7	1063.0	+4.3	Clal Works 1.8	245.0	0.0	Tel Aviv 7	300.0	-1.7
Alfa Int'l 1.8	717.0	+2.7	Clal Works 1.9	245.0	0.0	Tel Aviv 8	324.0	-7.7
Alfa Int'l 1.9	1063.0	+4.3	Clal Works 2.0	245.0	0.0	Tel Aviv 9	415.0	-8.0
Alfa Int'l 2.0	717.0	+2.7	Clal Works 2.1	245.0	0.0	Tel Aviv 10	82.0	-4.5
Alfa Int'l 2.1	1063.0	+4.3	Clal Works 2.2	245.0	0.0	Tel Aviv 11	82.0	-4.5
Alfa Int'l 2.2	717.0	+2.7	Clal Works 2.3	245.0	0.0	Tel Aviv 12	82.0	-4.5
Alfa Int'l 2.3	1063.0	+4.3	Clal Works 2.4	245.0	0.0	Tel Aviv 13	82.0	-4.5
Alfa Int'l 2.4	717.0	+2.7	Clal Works 2.5	245.0	0.0	Tel Aviv 14	82.0	-4.5
Alfa Int'l 2.5	1063.0	+4.3	Clal Works 2.6	245.0	0.0	Tel Aviv 15	82.0	-4.5
Alfa Int'l 2.6	717.0	+2.7	Clal Works 2.7	245.0	0.0	Tel Aviv 16	82.0	-4.5
Alfa Int'l 2.7	1063.0	+4.3	Clal Works 2.8	245.0	0.0	Tel Aviv 17	82.0	-4.5
Alfa Int'l 2.8	717.0	+2.7	Clal Works 2.9	245.0	0.0	Tel Aviv 18	82.0	-4.5
Alfa Int'l 2.9	1063.0	+4.3	Clal Works 3.0	245.0	0.0	Tel Aviv 19	82.0	-4.5
Alfa Int'l 3.0	717.0	+2.7	Clal Works 3.1	245.0	0.0	Tel Aviv 20	82.0	-4.5
Alfa Int'l 3.1	1063.0	+4.3	Clal Works 3.2	245.0	0.0	Tel Aviv 21	82.0	-4.5
Alfa Int'l 3.2	717.0	+2.7	Clal Works 3.3	245.0	0.0	Tel Aviv 22	82.0	-4.5
Alfa Int'l 3.3	1063.0	+4.3	Clal Works 3.4	245.0	0.0	Tel Aviv 23	82.0	-4.5
Alfa Int'l 3.4	717.0	+2.7	Clal Works 3.5	245.0	0.0	Tel Aviv 24	82.0	-4.5
Alfa Int'l 3.5	1063.0	+4.3	Clal Works 3.6	245.0	0.0	Tel Aviv 25	82.0	-4.5
Alfa Int'l 3.6	717.0	+2.7	Clal Works 3.7	245.0	0.0	Tel Aviv 26	82.0	-4.5
Alfa Int'l 3.7	1063.0	+4.3	Clal Works 3.8	245.0	0.0	Tel Aviv 27	82.0	-4.5
Alfa Int'l 3.8	717.0	+2.7	Clal Works 3.9	245.0	0.0	Tel Aviv 28	82.0	-4.5
Alfa Int'l 3.9	1063.0	+4.3	Clal Works 4.0	245.0	0.0	Tel Aviv 29	82.0	-4.5
Alfa Int'l 4.0	717.0	+2.7	Clal Works 4.1	245.0	0.0	Tel Aviv 30	82.0	-4.5
Alfa Int'l 4.1	1063.0	+4.3	Clal Works 4.2	245.0	0.0	Tel Aviv 31	82.0	-4.5
Alfa Int'l 4.2	717.0	+2.7	Clal Works 4.3	245.0	0.0	Tel Aviv 32	82.0	-4.5
Alfa Int'l 4.3	1063.0	+4.3	Clal Works 4.4	245.0	0.0	Tel Aviv 33	82.0	-4.5
Alfa Int'l 4.4	717.0	+2.7	Clal Works 4.5	245.0	0.0	Tel Aviv 34	82.0	-4.5
Alfa Int'l 4.5	1063.0	+4.3	Clal Works 4.6	245.0	0.0	Tel Aviv 35	82.0	-4.5
Alfa Int'l 4.6	717.0	+2.7	Clal Works 4.7	245.0	0.0	Tel Aviv 36	82.0	-4.5
Alfa Int'l 4.7	1063.0	+4.3	Clal Works 4.8	245.0	0.0	Tel Aviv 37	82.0	-4.5
Alfa Int'l 4.8	717.0	+2.7	Clal Works 4.9	245.0	0.0	Tel Aviv 38	82.0	-4.5
Alfa Int'l 4.9	1063.0	+4.3	Clal Works 5.0	245.0	0.0	Tel Aviv 39	82.0	-4.5
Alfa Int'l 5.0	717.0	+2.7	Clal Works 5.1	245.0	0.0	Tel Aviv 40	82.0	-4.5
Alfa Int'l 5.1	1063.0	+4.3	Clal Works 5.2	245.0	0.0	Tel Aviv 41	82.0	-4.5
Alfa Int'l 5.2	717.0	+2.7	Clal Works 5.3	245.0	0.0	Tel Aviv 42	82.0	-4.5
Alfa Int'l 5.3	1063.0	+4.3	Clal Works 5.4	245.0	0.0	Tel Aviv 43	82.0	-4.5
Alfa Int'l 5.4	717.0	+2.7	Clal Works 5.5	245.0	0.0	Tel Aviv 44	82.0	-4.5
Alfa Int'l 5.5	1063.0	+4.3	Clal Works 5.6	245.0	0.0	Tel Aviv 45	82.0	-4.5
Alfa Int'l 5.6	717.0	+2.7	Clal Works 5.7	245.0	0.0	Tel Aviv 46	82.0	-4.5
Alfa Int'l 5.7	1063.0	+4.3	Clal Works 5.8	245.0	0.0	Tel Aviv 47	82.0	-4.5
Alfa Int'l 5.8	717.0	+2.7	Clal Works 5.9	245.0	0.0	Tel Aviv 48	82.0	-4.5
Alfa Int'l 5.9	1063.0	+4.3	Clal Works 6.0	245.0	0.0	Tel Aviv 49	82.0	-4.5
Alfa Int'l 6.0	717.0	+2.7	Clal Works 6.1	245.0	0.0	T		

SPORTS

in brief

Walsh re-appointed as Windies captain

BRIDGETOWN, Barbados (Reuter) - Courtney Walsh will continue as captain of the West Indies for the home series against India, it was announced here yesterday.
Walsh, 34, took over the captaincy just after the 1996 World Cup following the resignation of Richie Richardson.
He then led the team to a 1-0 victory in a two-test series against New Zealand in the Caribbean but lost the five-match rubber against Australia 2-3.
India are due to arrive tomorrow. The first test of a five-match series starts on March 6.

Rangers beat Hibs 3-1 to restore lead

GLASGOW (Reuter) - Glasgow Rangers beat Hibernian 3-1 yesterday to re-establish their seven-point lead over rivals Celtic at the top of the Scottish premier division.
Rangers have 67 points to Celtic's 60. Both sides have nine league matches to play and are due to face each other on March 16.

Price wins play-off to make it two in a row

JOHANNESBURG (Reuter) - Zimbabwe's Nick Price beat South Africa's David Frost at the first extra hole of a play-off to win the South African PGA Championship yesterday.
Both men completed the joint South African-European Tour tournament on 269 - 19 under par - but Frost bogeyed the replayed 18th, allowing Price to take the title with a par four.
Price also won last week in Sun City and becomes the first man ever to win one million rand (\$223,000) in one South African season.

Bookies relieved after Shearer comes up short

LONDON (Reuter) - British bookmakers were breathing a huge sigh of relief yesterday after Newcastle striker Alan Shearer failed to score during the match against Middlesbrough on Saturday.
The England captain's blank sheet at the Riverside Stadium meant that he had missed out on a clean sweep of a goal against every club in the English premier league this season.
And that saved bookmakers William Hill paying out a third of a million pounds (over \$500,000) to those punters who jumped at the more than generous odds of 500-1 offered last summer.

Lindros gives Flyers win with late OT goal

MIAMI (AP) - Eric Lindros set up two earlier goals and scored the game-winning goal with a late overtime goal to lift the Philadelphia Flyers to a 4-3 victory over the Florida Panthers on Saturday.
The Flyers extended their first-place lead in the Atlantic Division over Florida and New Jersey to seven points. The Panthers had their longest winless streak of the season extended to five (0-4-1).
The Flyers dominated overtime before finally cashing in as Lindros deflected a shot by Eric Desjardins past John Vanbiesbrouck with 57.6 seconds left for his 20th goal.

Saturday's Games: Anaheim 4, Phoenix 2; Chicago 5, Pittsburgh 2; Tampa Bay 3, New Jersey 1; Philadelphia 4, Florida 3 OT; Detroit 2, St. Louis 2; Hartford 2, Washington 9; Toronto 5, Montreal 1; Los Angeles 4, Vancouver 0.



Switzerland's Marc Rosset celebrates after winning the EC Championships in Antwerp yesterday. (Reuter)

Rosset topples Henman to win EC tournament

ANTWERP (Reuter) - Big-serving Swiss Marc Rosset overwhelmed British No. 1 Tim Henman 6-2, 7-5, 6-4 to win the \$1 million European Community tennis championship yesterday.
It was the 12th career singles title for the 1992 Olympic champion and his first since June 1995.
He collected \$162,500 for the victory and was also allowed to hold, briefly, a diamond-studded golden racket-shaped trophy on offer to anyone who wins the event three times in five years.
Iva Majoli of Croatia fought back from a set down to beat top seed Jana Novotna 4-6, 7-6, 6-4 and retain her title in a repeat of last year's final at the WTA tournament in Hanover.
The defending champion also beat the Czech player in the final of last year's tournament, which was held in Essen.
Novotna looked on course to avenge that defeat, after taking the first set and producing some out-

standing tennis in the second. But third-seeded Majoli clawed her way back, winning the tie break 7-2 to stay in the match.
The 19-year old completed the fightback with an impressive third set to record her first WTA tournament win since last year's triumph.
In Memphis, Tennessee, top seed Michael Chang bounced back after dropping the first set and celebrated his 25th birthday by defeating Todd Martin on Saturday to reach the finals of the \$825,000 St. Jude tennis tournament.
Chang, who played his first professional match at the tournament a decade ago, reached the Memphis final for the first time after five semifinal appearances by rallying past third-seeded Martin 3-6 6-4 6-4.
Chang's opponent in the final is eighth seed Todd Woodbridge of Australia.
The 1995 Wimbledon champion beat Bjornman of Sweden 6-3, 6-4 in his semifinal.

Arsenal lose at home once again

LONDON (Reuter) - A thumping volley from talismanic captain Vinnie Jones gave Wimbledon a 1-0 victory at Highbury yesterday and condemned faltering Arsenal to their second home defeat in five days.
Jones, a member of Wimbledon's celebrated 1988 F.A. Cup winning side, claimed his third goal of the season midway through the first half after Arsenal failed to clear their lines from a corner.
Neil Ardley swung in a looping cross from the left flank and the big midfielder, unmarked at the far post, thundered his shot past John Lukic in the Arsenal goal.
Arsenal, beaten 2-1 by Manchester United on Wednesday - their first home league defeat of the season - dominated the latter stages and seemed certain to equalize against their less illustrious but more muscular London rivals.
But Wimbledon doggedly held on for three points which lifts them into sixth place, 12 points behind league leaders Manchester United

with three matches in hand.
It also preserved their wonderful record at Highbury where they have not been beaten in the league since their cup-winning season nine years ago.
Arsenal, forced to re-jig their line-up after captain Tony Adams failed a late fitness test and joined goalkeeper David Seaman, Martin Keown and David Platt on the Gunners' injury list, almost took an early lead when Ian Wright fired a shot past Neil Sullivan only to see it rebound off the post.
It has been a miserable February for Arsenal. They have yet to win this month, have been knocked out of the F.A. Cup, and have scored only one goal.
Bookmakers immediately lengthened the odds against Arsenal winning the championship to 25-1 from 10-1 while Wimbledon were quoted at the same price after being 40-1 before the match.
Yesterday's results: Premier League Arsenal 0, Wimbledon 1. First Division: Birmingham 1, Port Vale 2.

Jordan scores 34 as Bulls crush Warriors 120-87

CHICAGO (AP) - Michael Jordan scored 34 points in 31 minutes, leading the Chicago Bulls to their most decisive victory of the season, 120-87 Saturday night over the Golden State Warriors.
Scottie Pippen added 22 points as the defending champions improved to 25-1 at the United Center and 48-6 overall. Chicago has won 18 in a row at home and six straight overall.
Dennis Rodman grabbed 12 rebounds despite being called for two offensive fouls, a loose ball foul, a double foul with Antonio DeClercq and a technical foul in a 1:52 span of the third quarter. Right after Rodman's foul-athon, the Bulls put the game away with a 13-4 run that included five points by Pippen and four each by Jordan and Toni Kukoc.
Hornets 93, Hawks 92
In Atlanta, Tony Smith made a layup with 15 seconds remaining and Charlotte tipped away Atlanta's last chance as the Hornets defeated the Hawks.
Following Smith's basket, off a feed from Tony Delk, the Hawks were unable to get off a shot. Steve Smith's attempted inbounds pass with 1.4 seconds was deflected away by Tony Smith.
Anthony Mason led Charlotte with 25 points and 12 rebounds. Glen Rice added 23 points and 10 rebounds in the Hornets' fourth straight win.
Christian Laettner had 24 points and a season-high 16 rebounds for the Hawks, who dropped to 22-3

at home this season.
76ers 97, Trail Blazers 80
In Philadelphia, Derrick Coleman scored 28 points and added 15 rebounds, leading the Philadelphia 76ers past the Portland Trail Blazers.
It was the second straight double-double for Coleman, who has 49 points and 35 rebounds in his last two games.
Jerry Stackhouse had 21 points, Allen Iverson added 18 points and 12 assists and Clarence Weatherspoon registered his 15th double-double with 14 points and 14 rebounds for Philadelphia.
Kenny Anderson led the Trail Blazers with 20 points.
Raptors 99, Mavericks 92
In Dallas, Walt Williams scored 14 points and led a late surge as the Toronto Raptors beat the Dallas Mavericks.
Shawn Bradley, who had 19 points and 10 rebounds, pulled Dallas within 79-78 with 5:55 left. But Williams responded with nine points as Toronto took a 90-81 lead with 3:12 remaining. Dallas, paced by 20 points each from Michael Finley and Sasha Danilovic, got no closer than seven points the rest of the way.
Doug Christie scored 22 for Toronto, 18 in the first half. Damon Stoudamire added 15 points and Marcus Camby 14 for the Raptors.
Saturday's results: Charlotte 93, Atlanta 92; Philadelphia 97, Portland 80; Chicago 120, Golden State 87; Toronto 99, Dallas 92.

Knight steers England to second one-day win over Kiwis

AUCKLAND (Reuter) - opener Nick Knight smashed 84 from just 69 balls yesterday to steer England to victory in a rain-affected one-day cricket international against New Zealand.
New Zealand, batting first, reached 253 for eight from their allotted 50 overs, thanks chiefly to a swashbuckling 79 from Chris Cairns.
Rain forced a delay of 1-3/4 hours after England opens Knight and Alec Stewart had cracked 47 without loss from the first six overs.
When play resumed, the tourists always looked favourites to achieve a revised target of 132 from 26 overs for victory - especially as New Zealand still had to keep all but two fielders in the inner circle for 15 overs of the innings.
But four wickets tumbled in quick succession as England tried to force the pace in fear of further rain.
After Stewart fell leg before to Heath Davis for 30, England gambled by promoting big hitters from lower down the order. It backfired, with Dominic Cork departing for four and Ronnie Irani falling to an athletic catch by Nathan Astle in the covers.
When Graham Thorpe hit a return catch to Simon Doull, four England wickets had fallen for 14 runs. But acting captain Nasser Hussain steadied the ship, and Knight finished off the match elegantly with three off-side boundaries.
It was Knight's best innings to date in an otherwise disappointing tour. England, who won the three-match test series 2-0, now enjoy a similar lead in the series of five one-day internationals.
In New Zealand's innings, opener Bryan Young scored 46 from 59 balls but it was left to Cairns to provide the main fireworks. The all-rounder, playing as a specialist batsman because of an ankle injury hindering his bowling, clubbed three sixes and five fours in his 79.
England's wayward bowlers gifted 16 wickets to New Zealand, with Andrew Caddick straying four times in a single over.
New Zealand captain Lee Germton said the weather had reduced the match to a farce. "It seems unfair to us that we had to go through 15 overs of the (fielding) restriction," he said.

CORRECTION
The winning Toto lines which appeared in yesterday's soccer roundup were inadvertently switched with those of a previous week, these are the correct results:
Winning Sportoto line: 1, X, 1, 1, 2, 1, X, 1, X, 1, X, 2, 1, 1, X.
Winning Toto Plus line: 1, X, 1, X, 2, 1, X, X, X, 1, X, 2, 1, 1, X.
Winning Tototekko numbers: 2, 4, 7, 11, 15, 21, 31.

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